

**CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2017**

	Note	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment	5.1	122,489,695	67,854,766	136,953,062
Capital work-in-progress		14,636,225	70,664,826	9,318,214
Other Intangible assets	5.2	1,913,295,948	1,819,165,686	1,926,872,485
Intangible assets under development		203,051,748	355,040,384	276,284,480
		<u>2,253,473,616</u>	<u>2,312,725,662</u>	<u>2,349,428,241</u>
Financial assets				
- Investments	6	1,033,403,645	1,070,223,113	1,042,023,405
- Loans	7	180,112,449	216,929,693	251,021,859
Deferred tax assets (net)	15	41,327,020	-	22,112,729
Other non-current assets	8	298,153	1,799,333	8,298,087
	(A)	<u>3,508,614,883</u>	<u>3,601,677,801</u>	<u>3,672,884,321</u>
<b>Current assets</b>				
Financial assets				
- Trade receivables	9	2,610,586,102	2,022,824,546	2,830,990,936
- Cash and cash equivalents	10	535,258,058	486,472,181	524,115,618
- Other bank balances	11	-	748,145	735,099
- Loans	12	69,772,194	3,663,275	69,291,603
- Other current financial assets	13	1,154,252,353	1,310,371,639	1,156,551,077
Current tax assets (net)		93,790,345	111,619,556	88,789,231
Other current assets	14	103,323,290	132,105,214	164,001,577
	(B)	<u>4,566,982,342</u>	<u>4,067,804,556</u>	<u>4,834,475,141</u>
<b>TOTAL</b>	<b>(A) + (B)</b>	<u><b>8,075,597,225</b></u>	<u><b>7,669,482,357</b></u>	<u><b>8,507,359,462</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity share capital	4	2,478,007,850	1,868,917,850	2,478,007,850
Other equity		995,868,959	1,191,976,872	972,870,925
	(A)	<u>3,473,876,809</u>	<u>3,060,894,722</u>	<u>3,450,878,775</u>
<b>LIABILITIES</b>				
<b>Non- current liabilities</b>				
Deferred tax liability (net)	15	-	36,991,038	-
Financial liabilities				
- Long-term borrowings	16	325,601,323	326,364,500	324,776,063
	(B)	<u>325,601,323</u>	<u>363,355,538</u>	<u>324,776,063</u>
<b>Current liabilities</b>				
Financial liabilities				
- Trade payables	17	2,652,379,342	2,158,651,652	2,785,259,738
- Other financial liabilities	18	396,066,249	818,333,475	552,414,719
Other current liabilities	19	604,328,096	720,115,636	740,973,870
Provisions	20	623,345,406	548,131,334	653,056,297
	(C)	<u>4,276,119,093</u>	<u>4,245,232,097</u>	<u>4,731,704,624</u>
<b>TOTAL</b>	<b>(A)+(B)+(C)</b>	<u><b>8,075,597,225</b></u>	<u><b>7,669,482,357</b></u>	<u><b>8,507,359,462</b></u>

Summary of significant accounting policies

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The accompanying notes form an integral part of the condensed financial statements

As per our report of even date

**For Deloitte Haskins & Sells LLP**  
**ICAI Firm registration no. 117366W/W-100018**  
**Chartered Accountants**

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

Hemant M. Joshi  
 Partner

Dr. Anand Deshpande  
 Director

Sudhir Kulkarni  
 Director

Place: Pune  
 Date : October 14th , 2017

Place: Pune  
 Date : October 14th , 2017

Place: Pune  
 Date : October 14th , 2017

**CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2017**

	Note	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 ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
<b>Income</b>						
Revenue from operations (net)	21	4,334,684,881	3,581,894,393	8,361,913,390	7,206,008,109	15,383,119,521
Other income	22	4,519,661	3,635,777	8,686,205	4,619,478	4,179,517
<b>Total Income (A)</b>		<b>4,339,204,542</b>	<b>3,585,530,170</b>	<b>8,370,599,595</b>	<b>7,210,627,587</b>	<b>15,387,299,038</b>
<b>Expenses</b>						
Employee benefits expense	23.1	1,898,340,614	1,835,359,169	3,695,841,188	3,651,629,746	7,310,701,605
Cost of technical professionals	23.2	1,878,673,748	1,296,138,122	3,551,635,930	2,556,528,488	5,664,882,797
Finance costs		4,373,055	2,660,908	8,704,190	2,660,908	10,864,935
Depreciation and amortization expense	5.3	185,121,075	139,690,296	372,253,603	263,296,884	598,879,209
Other expenses	24	331,459,945	290,524,708	756,984,956	721,981,898	1,602,220,238
<b>Total expenses (B)</b>		<b>4,297,968,437</b>	<b>3,564,373,203</b>	<b>8,385,419,867</b>	<b>7,196,097,924</b>	<b>15,187,548,784</b>
<b>Profit/(Loss) before tax (A - B)</b>		<b>41,236,105</b>	<b>21,156,967</b>	<b>(14,820,272)</b>	<b>14,529,663</b>	<b>199,750,254</b>
<b>Tax expense</b>						
Current tax		6,473,435	-	6,473,435	-	20,941,714
Tax charge in respect of earlier years		-	-	-	-	-
Deferred tax (Credit)/Charge		4,383,887	20,598,688	(18,784,879)	21,097,497	(59,864,902)
<b>Total tax expense</b>		<b>10,857,322</b>	<b>20,598,688</b>	<b>(12,311,444)</b>	<b>21,097,497</b>	<b>(38,923,188)</b>
<b>Net profit for the quarter / year (C)</b>		<b>30,378,783</b>	<b>558,279</b>	<b>(2,508,828)</b>	<b>(6,567,834)</b>	<b>238,673,442</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss (D)</b>						
- Remeasurements of the defined benefit liabilities / (asset)		-	(36,313,784)	-	(61,168,032)	-
- Tax effect on remeasurements of the defined benefit liabilities / (asset)		-	12,803,736	-	20,797,174	-
		-	<b>(23,510,048)</b>	-	<b>(40,370,858)</b>	-
<b>Items that will be reclassified to profit or loss (E)</b>						
- Exchange differences on translating the financial statements of foreign operations		39,935,151	(40,875,193)	25,506,862	9,151,088	(90,626,993)
		<b>39,935,151</b>	<b>(40,875,193)</b>	<b>25,506,862</b>	<b>9,151,088</b>	<b>(90,626,993)</b>
<b>Total comprehensive income for the quarter / year (C) + (D) + (E)</b>		<b>70,313,934</b>	<b>(63,826,962)</b>	<b>22,998,034</b>	<b>(37,787,604)</b>	<b>148,046,449</b>
<b>Earnings per equity share [nominal value of Share \$ 0.10] (Previous Quarter/year \$0.10)</b>						
Basic (In ₹)	25	0.08	0.00	(0.01)	(0.04)	0.73
Diluted (In ₹)		0.08	0.00	(0.01)	(0.04)	0.73
<b>Summary of significant accounting policies</b>						
	3					
The accompanying notes form an integral part of the condensed financial statements						
As per our report of even date						
For Deloitte Haskins & Sells LLP ICAI Firm registration no. 117366W/W-100018 Chartered Accountants				For and on behalf of the Board of Directors of Persistent Systems Inc.		
Hemant M. Joshi Partner				Dr. Anand Deshpande Director		Sudhir Kulkarni Director
Place: Pune Date : October 14th , 2017				Place: Pune Date : October 14th , 2017		Place: Pune Date : October 14th , 2017

**CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2017**

Particulars	For the half year ended		(In ₹)
	September 30, 2017	September 30, 2016	For the year ended March 31, 2017
<b>Cash flow from operating activities</b>			
<b>Profit before tax</b>	(14,820,272)	14,529,663	<b>199,750,254</b>
Adjustments for:			
Exchange differences in translating the financial statements of foreign operations	21,782,855	9,151,088	(60,531,008)
Interest income	(1,891,003)	(887,807)	(2,626,904)
(Profit) /Loss on sale of fixed assets	-	-	74,443
Depreciation	372,253,603	263,296,884	598,879,209
Finance cost	8,704,190	2,660,908	10,864,935
Provision for diminution in value of Investment	16,104,675	-	8,390,325
Excess provision written back	-	-	(1,246,873)
unrealised Foreign exchange loss / (gain)	-	13,262,115	-
Discount to customers	24,522,018	-	78,342,443
Bad debts written off	1,311,167	-	5,011,060
Provision for doubtful debts (net)	15,008,293	(254,388)	(2,071,170)
Remeasurements of the defined benefit liabilities / asset	-	(61,168,032)	-
<b>Operating profit before working capital changes</b>	<b>442,975,526</b>	<b>240,590,431</b>	<b>834,836,714</b>
Movements in working capital :			
(Increase)/decrease in trade receivable	179,563,356	519,412,019	(369,044,219)
(Increase)/decrease in other current assets	61,531,047	(147,495,762)	(45,713,357)
(Increase)/decrease in other financial assets	1,213,356	(32,659,095)	(15,487,493)
Increase/(decrease) in trade payables and current liabilities	(287,669,413)	(78,532,460)	433,866,208
Increase/(decrease) in provisions	(29,710,891)	(7,691,896)	(35,784,344)
<b>Operating profit after working capital changes</b>	<b>367,902,981</b>	<b>493,623,237</b>	<b>802,673,509</b>
Direct taxes paid (net of refunds)	(9,896,365)	(3,995,868)	-
<b>Net cash flow from operating activities</b>	<b>358,006,616</b>	<b>489,627,369</b>	<b>802,673,509</b>
<b>Cash flows from investing activities</b>			
Additions to Fixed Assets (including Intangible assets)	(407,357,031)	(1,099,714,600)	(1,456,450,668)
Deposit matured	-	724,958	-
Intercompany deposit placed	(53,312,168)	(2,644,017)	(168,412,882)
Intercompany deposit returned	120,716,604	5,518,625	63,766,470
Investment in subsidiaries	-	(10,329,229)	(33,840,195)
(Investments in)/maturity of bank deposits having original maturity over 3 months	735,099	-	738,004
Interest received	2,584,250	422,021	1,325,264
<b>Net cash flow from investing activities</b>	<b>(336,633,246)</b>	<b>(1,106,022,242)</b>	<b>(1,592,874,007)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of share capital	-	-	609,090,000
Proceeds from Share application money	-	404,940,000	-
Proceeds from borrowings	-	326,364,500	337,505,340
Payment of Interest	(10,230,930)	(2,631,190)	(6,472,968)
<b>Net cash flow from financing activities</b>	<b>(10,230,930)</b>	<b>728,673,310</b>	<b>940,122,372</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>11,142,440</b>	<b>112,278,437</b>	<b>149,921,874</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>524,115,618</b>	<b>374,193,744</b>	<b>374,193,744</b>
<b>Cash and cash equivalents at the end of the period (Refer Note 10)</b>	<b>535,258,058</b>	<b>486,472,181</b>	<b>524,115,618</b>
<b>Components of cash and cash equivalents as at</b>	<b>September 30, 2017</b>	<b>September 30, 2016</b>	<b>March 31, 2017</b>
Cash on hand	7,063	7,201	7,011
Bank Balances with Banks	535,250,995	486,464,980	524,108,607
<b>Cash and cash equivalents</b>	<b>535,258,058</b>	<b>486,472,181</b>	<b>524,115,618</b>
(Refer Note 10)			
Summary of significant accounting policies	3		

The accompanying notes form an integral part of the condensed financial statements

As per our report of even date

For Deloitte Haskins & Sells LLP  
ICAI Firm registration no. 117366W/W-100018  
Chartered Accountants

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

Hemant M. Joshi  
Partner

Dr. Anand Deshpande  
Director

Sudhir Kulkarni  
Director

Place: Pune  
Date : October 14th , 2017

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Date : October 14th , 2017

**STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2017****A. Equity share capital**

(Refer Note: 4)

(In ₹)

Balance as at April 1, 2017	Changes in equity share capital during the period	Balance as at September 30, 2017
2,478,007,850	-	2,478,007,850

(In ₹)

Balance as at April 1, 2016	Changes in equity share capital during the period	Balance as at September 30, 2016
1,200,917,850	668,000,000	1,868,917,850

(In ₹)

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

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**STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2017**

**B. Other equity**

(In ₹)

Particulars			<u>Items of other comprehensive income</u>	Total
	Share application money pending allotment	Retained earnings	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2017	-	833,210,496	139,660,429	972,870,925
Net profit for the period	-	(2,508,828)	-	(2,508,828)
Transfer to share capital	-	-	-	-
Change during the period	-	-	25,506,862	25,506,862
Balance at September 30, 2017	-	830,701,668	165,167,291	995,868,959

(In ₹)

Particulars		<u>Reserves and surplus</u>	<u>Items of other comprehensive income</u>	Total
	Share application money pending allotment	Retained earnings	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2016	668,000,000	594,537,054	230,287,422	1,492,824,476
Net profit for the period	-	(6,567,834)	-	(6,567,834)
Total Comprehensive income for the period	-	(40,370,858)	-	(40,370,858)
Change during the period	(263,060,000)	-	9,151,088	(253,908,912)
Balance at September 30, 2016	404,940,000	547,598,362	239,438,510	1,191,976,872

(In ₹)

Particulars			<u>Items of other comprehensive income</u>	Total
	Share application money pending allotment	Retained earnings	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2016	668,000,000	594,537,054	230,287,422	1,492,824,476
Net profit for the year	-	238,673,442	-	238,673,442
Transfer to share capital	(668,000,000)	-	-	(668,000,000)
Change during the year	-	-	(90,626,993)	(90,626,993)
Balance at March 31, 2017	-	833,210,496	139,660,429	972,870,925

The accompanying notes form an integral part of the condensed financial statements

As per our report of even date

For Deloitte Haskins & Sells LLP  
ICAI Firm registration no. 117366W/W-100018  
Chartered Accountants

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

Hemant M. Joshi  
Partner

Dr. Anand Deshpande  
Director

Sudhir Kulkarni  
Director

Place: Pune  
Date : October 14th , 2017

Place: Pune  
Date : October 14th , 2017

Place: Pune  
Date : October 14th , 2017

## NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

### 1. Nature of operations

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

### 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.

### Statement of compliance

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

### 3. Summary of significant accounting policies

#### A. Accounting year

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

#### B. Functional currency

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

#### C. Use of estimates

The preparation of the condensed financial statements in conformity with Indian AS requires the management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### Critical accounting estimates

#### i. Revenue recognition

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

#### ii. Income taxes

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

## NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

### iii. Property, plant and equipment

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

### iv. Provisions

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

### v. Internally generated Intangible assets

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

## D. Property, Plant and Equipment

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

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

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

## E. Intangible assets

### a) Acquired intangible assets

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

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

## NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

### b) Research and development cost

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

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

Such capitalized expenditure is reflected as intangibles under development.

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

### F. Depreciation and 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
Computers - Servers and networks*	3 years
Office equipments	5 years
Furniture and fixtures*	5 years

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

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

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

### G. Impairment of Property, Plant and Equipment and other intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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## NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

### H. Borrowing Cost:

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

### I. Financial instruments

#### i) Financial assets

##### *Initial recognition and measurement*

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

##### *Subsequent measurement*

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

#### - **Financial assets at amortized cost**

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

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

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

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

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

#### ii) Financial liabilities

##### *Initial recognition and measurement*

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

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## NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

### *Subsequent measurement*

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

- **Financial liabilities at amortized cost**

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

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

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

### iii) **Impairment**

#### i) **Financial assets**

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

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

#### ii) **Non-financial assets**

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

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

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

### **J. Revenue recognition**

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

## NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

### i. Income from software licenses and services

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

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

Revenue from licensing of software is recognized upon delivery.

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

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

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

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

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

### ii. Interest

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

### iii. Dividends

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

## K. Foreign currency transaction and translation

### i. Initial recognition

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

### ii. Conversion

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

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

## NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

### iii. Settlement:

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

### L. Retirement and other employee benefits

#### i. Gratuity

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

#### ii. Superannuation

The Company does not have any superannuation scheme.

#### iii. Provident fund

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

#### iv. Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of Profit and Loss in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

The company presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

### M. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the United States of America's tax laws. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In situation where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

## NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

### **N. Cash and cash equivalents**

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

### **O. Leases**

#### **Where the Company is a lessee**

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

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

### **P. Earnings per share (EPS)**

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

### **Q. Provisions**

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

### **R. Contingent liabilities**

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

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

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**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**

**4. Share capital**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Authorised</b>			
650,000,000 (Corresponding period / Previous year 650,000,000) Common Shares of \$0.10 each.	US \$ 65,000,000	US \$ 65,000,000	US \$ 65,000,000
	<b>US \$ 65,000,000</b>	<b>US \$ 65,000,000</b>	<b>US \$ 65,000,000</b>
<b>Issued, subscribed and paid-up</b>			
402,000,000 (Corresponding period 312,000,000/ previous year 402,000,000) Common Shares of \$0.10 each fully paid up. All shares are held by Holding Company i.e. Persistent Systems Limited	2,478,007,850	1,868,917,850	2,478,007,850
	<b>2,478,007,850</b>	<b>1,868,917,850</b>	<b>2,478,007,850</b>

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

	As At September 30, 2017		As At September 30, 2016		As At March 31, 2017	
	No. Of Shares	Amount (In ₹)	No. Of Shares	Amount (In ₹)	No. Of Shares	Amount (In ₹)
No. of Share at the beginning of the reporting year	402,000,000	2,478,007,850	212,000,000	1,200,917,850	212,000,000	1,200,917,850
Add : - Additional Shares issued during the year	-	-	100,000,000	668,000,000	190,000,000	1,277,090,000
<b>No. of Share at the end of the reporting year</b>	<b>402,000,000</b>	<b>2,478,007,850</b>	<b>312,000,000</b>	<b>1,868,917,850</b>	<b>402,000,000</b>	<b>2,478,007,850</b>

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**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**
**5.1 Property, Plant and Equipment**

	(In ₹)				
	Office Equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
<b>Gross block</b>					
<b>As at April 1, 2017</b>	<b>22,795,747</b>	<b>173,799,115</b>	<b>96,471,029</b>	<b>672,008</b>	<b>293,737,899</b>
Additions	3,870,218	2,276,945	7,414,817	-	13,561,980
Disposals	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	213,757	1,312,901	800,321	4,974	2,331,953
<b>As at September 30, 2017</b>	<b>26,879,722</b>	<b>177,388,961</b>	<b>104,686,167</b>	<b>676,982</b>	<b>309,631,832</b>
<b>Depreciation and amortization</b>					
<b>As at April 1, 2017</b>	<b>7,491,681</b>	<b>115,102,481</b>	<b>34,092,707</b>	<b>97,968</b>	<b>156,784,837</b>
Charge for the year	2,455,157	15,934,475	10,344,162	55,760	28,789,554
Disposals	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	90,183	1,077,371	398,678	1,514	1,567,746
<b>As at September 30, 2017</b>	<b>10,037,021</b>	<b>132,114,327</b>	<b>44,835,547</b>	<b>155,242</b>	<b>187,142,137</b>
<b>Net block</b>					
<b>As at September 30, 2017</b>	<b>16,842,701</b>	<b>45,274,634</b>	<b>59,850,620</b>	<b>521,740</b>	<b>122,489,695</b>
<b>As at March 31, 2017</b>	<b>15,304,066</b>	<b>58,696,634</b>	<b>62,378,322</b>	<b>574,040</b>	<b>136,953,062</b>
	(In ₹)				
	Office Equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
<b>Gross block</b>					
<b>As at April 1, 2016</b>	<b>12,192,214</b>	<b>129,780,933</b>	<b>59,497,142</b>	<b>-</b>	<b>201,470,289</b>
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	66,718	710,202	325,589	-	1,102,509
<b>As at September 30, 2016</b>	<b>12,258,932</b>	<b>130,491,135</b>	<b>59,822,731</b>	<b>-</b>	<b>202,572,798</b>
<b>Depreciation and amortization</b>					
<b>As at April 1, 2016</b>	<b>4,096,236</b>	<b>90,976,513</b>	<b>18,073,199</b>	<b>-</b>	<b>113,145,948</b>
Charge for the period	1,115,203	13,911,019	6,022,349	-	21,048,571
Disposals	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	17,347	434,627	71,539	-	523,513
<b>As at September 30, 2016</b>	<b>5,228,786</b>	<b>105,322,159</b>	<b>24,167,087</b>	<b>-</b>	<b>134,718,032</b>
<b>Net block</b>					
<b>As at September 30, 2016</b>	<b>7,030,146</b>	<b>25,168,976</b>	<b>35,655,644</b>	<b>-</b>	<b>67,854,766</b>
<b>As at March 31, 2016</b>	<b>8,095,978</b>	<b>38,804,420</b>	<b>41,423,943</b>	<b>-</b>	<b>88,324,341</b>
	(In ₹)				
	Office Equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
<b>Gross block</b>					
<b>As at April 1, 2016</b>	<b>12,192,214</b>	<b>129,780,933</b>	<b>59,497,142</b>	<b>-</b>	<b>201,470,289</b>
Additions	11,506,967	53,990,192	39,384,169	691,756	105,573,084
Disposals	(324,820)	(5,893,851)	-	-	(6,218,671)
Effect of foreign currency translation from functional currency to reporting currency	(578,614)	(4,078,159)	(2,410,282)	(19,748)	(7,086,803)
<b>As at March 31, 2017</b>	<b>22,795,747</b>	<b>173,799,115</b>	<b>96,471,029</b>	<b>672,008</b>	<b>293,737,899</b>
<b>Depreciation and amortization</b>					
<b>As at April 1, 2016</b>	<b>4,096,237</b>	<b>90,976,520</b>	<b>18,073,199</b>	<b>-</b>	<b>113,145,956</b>
Charge for the period	3,849,617	32,745,000	16,974,130	101,401	53,670,148
Disposals	(246,057)	(5,794,111)	-	-	(6,040,168)
Effect of foreign currency translation from functional currency to reporting currency	(208,116)	(2,824,928)	(954,622)	(3,433)	(3,991,099)
<b>As at March 31, 2017</b>	<b>7,491,681</b>	<b>115,102,481</b>	<b>34,092,707</b>	<b>97,968</b>	<b>156,784,837</b>
<b>Net block</b>					
<b>As at March 31, 2017</b>	<b>15,304,066</b>	<b>58,696,634</b>	<b>62,378,322</b>	<b>574,040</b>	<b>136,953,062</b>
<b>As at March 31, 2016</b>	<b>8,095,977</b>	<b>38,804,413</b>	<b>41,423,943</b>	<b>-</b>	<b>88,324,333</b>

**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**
**5.2 Other Intangible assets**

	(In ₹)		
	Software	Acquired contractual rights	Total
<b>Gross block</b>			
<b>As at April 1, 2017</b>	<b>1,057,367,183</b>	<b>2,038,990,575</b>	<b>3,096,357,758</b>
Additions	-	317,557,570	317,557,570
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	7,826,311	18,018,625	25,844,936
<b>As at September 30, 2017</b>	<b>1,065,193,494</b>	<b>2,374,566,770</b>	<b>3,439,760,264</b>
<b>Amortization</b>			
<b>As at April 1, 2017</b>	<b>714,048,638</b>	<b>455,436,635</b>	<b>1,169,485,273</b>
Charge for the period	82,723,761	260,740,288	343,464,049
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	6,455,424	7,059,570	13,514,994
<b>As at September 30, 2017</b>	<b>803,227,823</b>	<b>723,236,493</b>	<b>1,526,464,316</b>
<b>Net block</b>			
<b>As at September 30, 2017</b>	<b>261,965,671</b>	<b>1,651,330,277</b>	<b>1,913,295,948</b>
<b>As at March 31, 2017</b>	<b>343,318,545</b>	<b>1,583,553,940</b>	<b>1,926,872,485</b>

	(In ₹)		
	Software	Acquired contractual rights	Total
<b>Gross block</b>			
<b>As at April 1, 2016</b>	<b>1,077,933,595</b>	<b>203,965,095</b>	<b>1,281,898,690</b>
Additions	-	1,447,203,079	1,447,203,079
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	5,898,795	(14,557,974)	(8,659,179)
<b>As at September 30, 2016</b>	<b>1,083,832,390</b>	<b>1,636,610,200</b>	<b>2,720,442,590</b>
<b>Amortization</b>			
<b>As at April 1, 2016</b>	<b>560,137,274</b>	<b>96,399,550</b>	<b>656,536,824</b>
Charge for the period	85,561,298	156,687,015	242,248,313
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	2,676,376	(184,609)	2,491,767
<b>As at September 30, 2016</b>	<b>648,374,948</b>	<b>252,901,956</b>	<b>901,276,904</b>
<b>Net block</b>			
<b>As at September 30, 2016</b>	<b>435,457,442</b>	<b>1,383,708,244</b>	<b>1,819,165,686</b>
<b>As at March 31, 2016</b>	<b>517,796,321</b>	<b>107,565,545</b>	<b>625,361,866</b>

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

**5.3 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
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
On Property, Plant and Equipment	14,168,669	10,182,820	28,789,554	21,048,571	53,670,148
On Other Intangible assets	170,952,406	129,507,476	343,464,049	242,248,313	545,209,061
	<b>185,121,075</b>	<b>139,690,296</b>	<b>372,253,603</b>	<b>263,296,884</b>	<b>598,879,209</b>



**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**
**6. Non-current financials Assets : Investments**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Investments carried at cost</b>			
<b>Unquoted investments</b>			
<b>Investments in Equity Instruments</b>			
<b>-In Wholly owned Subsidiary Companies</b>			
Persistent Telecom Solutions Inc.			
2,480 (corresponding period 2,480; Previous year 2,480) shares of \$ 0.001 each, fully paid up	405,046,000	412,951,000	402,070,000
Akshat Corporation			
1,000 (Corresponding period 1,000; Previous year 1000) equity shares of at par value NIL each, fully paid up	244,987,500	249,768,750	243,187,500
Aepona Holdings Limited Ireland			
545,245,060,316 "B" ordinary shares of GBP 0.000001 each (Corresponding period 5,647,319 ; Previous year 5,647,319 "A" ordinary share of Euro 0.012 each and Corresponding period: 545,245,060,316 ; Previous year : 545,245,060,316 "B" ordinary shares of GBP 0.000001 each)	288,542,967	294,174,259	286,422,951
Persistent Systems Israel Limited	6,603,683	6,732,562	6,555,164
3,867,400 (Corresponding period 3,867,400; Previous year: 3,867,400) ordinary shares of 0.1 NIS par value			
Persistent Systems Mexico, S.A. de C. V	3,527,817	3,596,667	3,501,897
99,999 (Corresponding period 99,999; Previous year 99,999) ordinary shares of 0.1 Pesos par value			
<b>Total carried at cost</b>	<b>948,707,967</b>	<b>967,223,238</b>	<b>941,737,512</b>
<b>Designated as Fair Value Through Profit and Loss</b>			
<b>Unquoted Investments</b>			
<b>Investments in Preferred Stocks</b>			
In Hyginex, Inc.			
250,000 (Corresponding period:250,000, Previous year - 250,000) Preference shares of \$ 0.001 each, fully paid up	13,066,000	13,321,000	12,970,000
In OpsDataStore Inc.			
200,000 (Corresponding period: 200,000,Previous year - 200,000) Preferred Stock of \$ 0.001 each, fully paid up	13,066,000	13,321,000	12,970,000
In Jocata Corporation			
6,000 (Corresponding period:6000 ,Previous year -6000) Preferred Stock of \$ 0.001 each, fully paid up	16,332,500	16,651,250	16,212,500
In Trunomi, Inc.			
277,778 (Corresponding period- 277,778, Previous year - 277,778) Preferred Stock of \$ 0.0002 each, fully paid up	16,332,500	16,651,250	16,212,500
In Ampool, Inc.			
545,494 (Corresponding period: 545,494, Previous year - 545,494) Preferred Stock of \$ 0.4583 each, fully paid up	16,332,500	16,651,250	16,212,500
<b>Total carried at fair value</b>	<b>75,129,500</b>	<b>76,595,750</b>	<b>74,577,500</b>
<b>Investments in Convertible notes</b>			
In DxNow			
(Corresponding period -\$ 125,000 ,Previous year - \$ 125,000) Note of \$ 125,000 each, fully paid up	8,166,250	8,325,625	8,106,250
Less: Provision for diminution in value of investment	(8,166,250)	(8,325,625)	(8,106,250)
In Ustyme			
(Corresponding period - \$ 250,000, Previous year - \$ 250,000) Note of \$ 250,000 each, fully paid up	16,332,500	16,651,250	16,212,500
Less: Provision for diminution in value of investment	(16,332,500)	-	-
In Akumina Inc.			
(Corresponding period- \$ 146,429, Previous year- \$ 146,429) Note of \$ 146,429 each, fully paid up	9,566,178	9,752,875	9,495,893
<b>Total investment carried at fair value</b>	<b>9,566,178</b>	<b>26,404,125</b>	<b>25,708,393</b>
<b>Total Investments</b>	<b>1,033,403,645</b>	<b>1,070,223,113</b>	<b>1,042,023,405</b>
Aggregate amount of diminution in value of investments	24,498,750	8,325,625	8,106,250
Aggregate amount of Quoted investments	-	-	-
Aggregate amount of unquoted investments	1,057,902,395	1,078,548,738	1,050,129,655

**7. Non current financial assets : loans**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Loans to related parties ( Unsecured, considered good) at amortised cost</b>			
- Persistent Telecom Solutions Inc (Repayment terms : At the end of three years) (Rate of Interest: US Prime rate + 150 bps)	68,596,500	203,145,250	132,942,500
- Interest accrued but not due at amortised cost	191,920	3,742,801	464,025
	<u>68,788,420</u>	<u>206,888,051</u>	<u>133,406,525</u>
- Persistent Systems México, S.A. de C.V. (Repayment terms : At the end of three years) (Rate of Interest: Libor + 70 bps)	99,772,440	-	106,727,380
- Interest accrued but not due at amortised cost	470,439	-	860,972
	<u>100,242,879</u>	<u>-</u>	<u>107,588,352</u>
<b>Security deposits</b>			
Unsecured, considered good	11,081,150	10,041,642	10,026,982
	<u>180,112,449</u>	<u>216,929,693</u>	<u>251,021,859</u>

**8. Other non-current assets**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Unsecured, considered good</b>			
Interest accrued but not due at amortised cost			
Capital Advance	298,153	-	7,445,327
Advances recoverable in cash or kind or for value to be received	-	1,799,333	852,760
	<u>298,153</u>	<u>1,799,333</u>	<u>8,298,087</u>

**9. Trade receivables**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>			
Unsecured (considered good)	1,667,222	-	2,204,900
Unsecured (considered doubtful)	28,733,011	19,546,060	16,921,215
	<u>30,400,233</u>	<u>19,546,060</u>	<u>19,126,115</u>
Less : Provision for doubtful receivables	28,733,012	19,546,060	16,921,215
	<u>1,667,221</u>	<u>-</u>	<u>2,204,900</u>
<b>Others</b>			
Unsecured (considered good)	2,608,918,881	2,022,824,546	2,828,786,036
Unsecured (considered doubtful)	3,534,026	-	-
	<u>2,612,452,907</u>	<u>2,022,824,546</u>	<u>2,828,786,036</u>
Less : Provision for doubtful receivables	3,534,026	-	-
	<u>2,608,918,881</u>	<u>2,022,824,546</u>	<u>2,828,786,036</u>
	<u>2,610,586,102</u>	<u>2,022,824,546</u>	<u>2,830,990,936</u>

**10. Cash and cash equivalents**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Cash and cash equivalents as presented in cash flow statement</b>			
Cash on hand	7,063	7,201	7,011
Balances with banks			
-On current account	535,250,995	486,464,980	524,108,607
	<b>535,258,058</b>	<b>486,472,181</b>	<b>524,115,618</b>

**11. Other bank balances**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Other bank balances</b>			
On deposit account with maturity more than three months but less than twelve months	-	748,145	735,099
	<b>-</b>	<b>748,145</b>	<b>735,099</b>

**12. Current financial assets : loans**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Carried at amortised cost</b>			
<b>Unsecured considered good</b>			
Loan to LHS Solutions Inc.	4,246,450	3,663,275	4,215,250
Loans to related parties			
- Persistent Telecom Solutions Inc	65,330,000	-	64,850,000
Interest accrued on loan to related parties			
- Persistent Telecom Solutions Inc	195,744	-	226,353
	<b>69,772,194</b>	<b>3,663,275</b>	<b>69,291,603</b>

**13. Other current financial assets**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Advance to related parties</b>			
<b>Unsecured considered good</b>			
- Persistent Systems Malaysia Sdn. Bhd.	-	-	-
- Persistent Systems France SAS	1,663,013	1,607,823	1,497,218
- Akshat Corporation	80,460,863	24,467,777	27,035,839
- Valista Limited Ireland	34,949	35,631	229,241
- Aepona Limited UK	14,193,226	-	-
- Aepona Software(Private) Ltd.	-	4,773,103	-
- Persistent Systems Srilanka	4,477,144	-	4,485,541
- Persistent Systems Israel Ltd.	80,825,953	27,435,336	72,951,066
- Persistent Systems México, S.A. de C.V.	5,813,736	45,419,264	-
- Persistent Telecom Solutions, Inc.	1,803,821	33,172,222	10,339,380
Add: Interest accrued but not due at amortised cost	-	715,496	-
	<b>189,272,705</b>	<b>137,626,652</b>	<b>116,538,285</b>
Unbilled Revenue	964,979,648	1,172,744,987	1,040,012,792
	<b>964,979,648</b>	<b>1,172,744,987</b>	<b>1,040,012,792</b>
	<b>1,154,252,353</b>	<b>1,310,371,639</b>	<b>1,156,551,077</b>

**14. Other current assets**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Advances recoverable in cash or kind or for value to be received	69,789,416	129,464,980	151,715,138
TDS Receivable	270,401	-	-
VAT receivable	33,263,473	2,640,234	12,286,439
	<b>103,323,290</b>	<b>132,105,214</b>	<b>164,001,577</b>

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

15. Deferred tax liability (net)

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Deferred tax assets</b>			
Provision for doubtful debts	11,077,102	(6,645,661)	7,363,359
Employee related payments	52,344,972	(19,997,857)	27,552,174
Leave encashment	74,080,823	(86,375,368)	64,401,126
Others	44,052,150	(69,416,062)	46,106,468
	181,555,047	(182,434,948)	145,423,127
<b>Deferred tax liability</b>			
Difference in depreciation as per books of US tax laws	(140,228,027)	219,425,986	(123,310,398)
Others			
<b>Deferred tax asset/(liability) (net)</b>	<b>41,327,020</b>	<b>36,991,038</b>	<b>22,112,729</b>

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

16. Non Current financial Liabilities : Borrowings

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Borrowings from related parties at amortised cost</b>			
Inter company Borrowing			
- Persistent Systems Limited. (Repayment terms : At the end of three years) (Rate of Interest: US Prime rate + 125 bps)	320,117,000	326,364,500	317,765,000
- Interest accrued but not due at amortised cost	5,484,323	-	7,011,063
	<b>325,601,323</b>	<b>326,364,500</b>	<b>324,776,063</b>

17. Trade payables

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Trade payables for goods and services	2,652,379,342	2,158,651,652	2,785,259,738
	<b>2,652,379,342</b>	<b>2,158,651,652</b>	<b>2,785,259,738</b>

18. Current financial liabilities : Others

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Capital creditors	43,640,440	186,494,000	181,845,667
Accrued employee liabilities	287,959,167	374,315,427	301,894,258
Advances from related parties ( unsecured)			
-Persistent Systems Limited	64,466,642	67,512,480	43,853,739
- Aepona Limited UK	-	167,081,044	24,821,055
-Persistent Systems Pte. Ltd.	-	605,361	-
Payable to Selling shareholders	-	22,325,163	-
	<b>396,066,249</b>	<b>818,333,475</b>	<b>552,414,719</b>

19. Other current liabilities

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Unearned revenue	394,363,675	391,530,122	541,656,794
Other payables			
- Statutory liabilities	-		-
Advance from customer	209,964,421	325,936,700	199,317,076
Interest accrued but not due on loans			
-Persistent Systems Ltd	-	2,648,814	-
	<b>604,328,096</b>	<b>720,115,636</b>	<b>740,973,870</b>

20. Provisions

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Provision for employee benefits			
- Leave encashment	215,793,593	254,045,199	189,415,075
- Long service awards	4,627,764	2,984,836	-
- Other employee benefits	398,888,905	291,101,299	463,641,222
VAT payable (net)	4,035,144	-	-
	<b>623,345,406</b>	<b>548,131,334</b>	<b>653,056,297</b>

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**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**
**21. Revenue from operations**

	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 ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Software licenses	163,236,519	36,986,585	224,626,874	63,854,180	353,432,659
Software services	4,171,448,362	3,544,907,808	8,137,286,516	7,142,153,929	15,029,686,862
	<b>4,334,684,881</b>	<b>3,581,894,393</b>	<b>8,361,913,390</b>	<b>7,206,008,109</b>	<b>15,383,119,521</b>

**22. 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 ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Interest income	26,640	19,882	54,040	31,076	58,019
Interest on financial assets carried at amortised cost	852,050	417,797	1,836,963	856,731	2,568,885
Foreign exchange gains (net)	-	967,991	-	967,991	(3,756,873)
Excess provision in respect of earlier years written back	-	-	-	-	1,246,873
Miscellaneous income	421,960	2,230,107	644,350	2,763,680	4,062,613
Advances written back	3,219,011	-	6,150,852	-	-
	<b>4,519,661</b>	<b>3,635,777</b>	<b>8,686,205</b>	<b>4,619,478</b>	<b>4,179,517</b>

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

23. 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 ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
<b>23.1 Employee benefits expense</b>					
Salaries and wages	1,896,533,300	1,820,259,889	3,689,728,085	3,631,869,214	7,288,311,723
Employee stock option expenses	(729)	12,632,381	1,110,843	14,192,950	10,790,828
Staff welfare and benefits	1,808,043	2,466,899	5,002,260	5,567,582	11,599,054
	<b>1,898,340,614</b>	<b>1,835,359,169</b>	<b>3,695,841,188</b>	<b>3,651,629,746</b>	<b>7,310,701,605</b>
<b>23.2 Cost of technical professionals</b>					
Technical professionals - Related parties	1,156,902,795	876,372,748	2,198,811,341	1,701,350,681	3,831,387,167
Technical professionals - Others	721,770,953	419,765,374	1,352,824,589	855,177,807	1,833,495,630
	<b>1,878,673,748</b>	<b>1,296,138,122</b>	<b>3,551,635,930</b>	<b>2,556,528,488</b>	<b>5,664,882,797</b>
	<b>3,777,014,362</b>	<b>3,131,497,291</b>	<b>7,247,477,118</b>	<b>6,208,158,234</b>	<b>12,975,584,402</b>

24. 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 ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Traveling and conveyance	82,116,222	114,321,124	252,185,838	316,522,783	598,718,371
Electricity expenses	672,146	2,079,666	2,403,246	24,535,901	26,559,209
Internet link expenses	1,174,263	1,039,392	3,042,466	12,697,673	15,479,621
Communication expenses	9,454,277	6,877,292	18,785,258	23,521,252	41,486,484
Recruitment expenses	14,274,461	16,274,368	27,395,915	35,651,387	42,160,706
Training and seminars	854,990	1,618,901	2,388,517	2,963,853	4,718,605
Royalty expenses	-	-	-	-	20,136,780
Purchase of software licenses and support expenses	75,032,016	16,862,899	142,423,488	40,199,713	178,115,532
Bad debts	-	-	1,311,167	-	5,011,060
Provision for doubtful debts/(Provision for doubtful debts written back)(net)	11,062,272	933,675	15,008,293	(254,388)	(2,071,170)
Rent	24,522,209	20,117,776	48,256,580	88,287,375	129,391,672
Insurance	784,777	459,172	1,667,690	795,327	2,279,535
Rates, fees and profession tax	4,464,720	2,122,235	9,883,085	2,985,217	25,160,440
Legal and professional fees	31,279,315	36,882,657	81,079,477	39,057,801	95,427,629
Repairs and maintenance	-	-	-	-	-
-Plant and machinery	225,277	326,731	524,546	489,526	1,549,120
- Buildings	15,375	-	15,375	-	-
- Others	-	-	123,070	-	-
Commission on sales	6,160,999	1,004,575	26,293,781	2,007,273	133,674,054
Advertisement and sponsorship fees	11,460,262	24,938,842	23,256,500	33,511,970	55,596,767
Computer consumables	55,256	503,323	74,726	1,167,813	2,700,403
Auditors' remuneration	493,993	82,432	741,910	154,426	309,771
Donations	-	304,221	-	3,646,546	7,014,312
Books, memberships, subscriptions	10,819,963	14,256,587	21,395,544	25,854,842	49,309,539
Discount Allowed	12,742,218	11,094,499	24,522,018	24,568,184	78,342,443
Foreign exchange loss (net)	55,846	(253,019)	3,994,669	-	-
Loss on sale of assets	-	-	-	-	74,443
Diminution loss on financial assets designated as at FVTPL	16,104,675	-	16,104,675	-	8,390,325
Hosting fees	-	2,997,491	-	6,043,832	11,889,005
Cost-revenue sharing	-	2,845,195	-	5,162,843	4,892,388
Impairment loss on investment	-	7,826	-	8,363,638	-
Miscellaneous expenses	17,634,413	12,826,848	34,107,122	24,047,111	65,903,195
	<b>331,459,945</b>	<b>290,524,708</b>	<b>756,984,956</b>	<b>721,981,898</b>	<b>1,602,220,238</b>

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

25. Earnings per share

Particulars		For the quarter ended		For the half year ended		For the year ended
		September 30, 2017 (In ₹)	September 30, 2016 (In ₹)	September 30, 2017 (In ₹)	September 30, 2016 (In ₹)	March 31, 2017 (In ₹)
Basic earnings per share						
<u>Numerator</u>						
Net Profit / (loss) after tax <b>(In ₹)</b>	A	30,378,783	558,279	(2,508,828)	(6,567,834)	238,673,442
<u>Denominator</u>						
Weighted average number of equity share	B	402,000,000	277,027,322	402,000,000	147,000,000	327,013,699
<b>Denominator for Diluted EPS</b>						
Weighted average number of equity shares	C	402,000,000	296,535,519	402,000,000	165,743,169	327,013,699
<b>Basic/diluted earnings per share (In ₹)</b> <b>(Face value of US \$ 0.10 each)</b>	A / B	0.08	0.00	(0.01)	(0.04)	0.73
<b>Diluted earnings per share (In ₹)</b> <b>(Face value of US \$ 0.10 each)</b>	A / C	0.08	0.00	(0.01)	(0.04)	0.73

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## NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

### 26. Contingent liability

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

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

### 27. Investment in Akshat Corporation (dba RGen Solutions)

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

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

### 28. Investment in Aepona Holdings

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

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

### 29. Investment in Akumina, Inc.

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

### 30. Corresponding period's / Previous year's comparatives

Previous quarter/year figures have been regrouped wherever necessary to conform with the Corresponding period's / previous year's classification.