

Persistent Systems Pte Ltd.**CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2017**

	Notes	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
ASSETS				
Non-current assets				
Property, Plant and Equipment	5.1	67,599	3,496	-
		67,599	3,496	-
Financial assets				
- Investments	6	-	-	-
- Loans	7	143,726,000	153,191,500	207,520,000
		143,793,599	153,194,996	207,520,000
Current assets				
Financial Assets				
- Trade receivables	8	52,312,996	31,302,587	55,223,078
- Cash and cash equivalents	9	73,097,725	79,691,961	106,031,481
- Loans	10	69,089,772	76,820,345	1,780,751
- Other financial assets	11	8,177,510	605,361	433,260
Current tax assets (net)		916,846	-	-
Other current assets	12	50,230,786	48,106,187	113,487,884
		253,825,635	236,526,441	276,956,454
TOTAL		397,619,234	389,721,437	484,476,454
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	15,503,532	15,503,532	15,503,532
Other equity		294,716,138	260,429,154	281,102,934
		310,219,670	275,932,686	296,606,466
LIABILITIES				
Current liabilities				
Financial liabilities				
- Trade payables	13	24,652,790	41,986,244	37,878,459
- Other financial liabilities	14	-	8,756	-
Other current liabilities	15	62,209,333	60,093,959	141,849,047
Provisions	16	537,441	2,487,303	-
Current tax liabilities (net)		-	9,212,489	8,142,482
		87,399,564	113,788,751	187,869,988
TOTAL		397,619,234	389,721,437	484,476,454
Summary of significant accounting policies	3			

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

As per our report of even date

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

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

per C. K. Joshi
Partner
Membership no. 030428

Azlin Bin Ghazali
Director

John Ryan
Director

Place: Pune
Date : October 15, 2017

Place: Pune
Date : October 15, 2017

Place: Singapore
Date : October 15, 2017

Persistent Systems Pte Ltd.**CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2017**

	Notes	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 ₹)
Income						
Revenue from operations (net)	17	78,740,636	81,666,861	190,593,769	151,337,216	401,285,888
Other income	18	1,742,816	5,612,209	3,463,111	21,505,781	14,669,936
Total income (A)		80,483,452	87,279,070	194,056,880	172,842,997	415,955,824
Expenses						
Employee benefits expense	19.1	2,720,488	2,756,516	3,281,197	7,230,757	7,716,437
Cost of technical professionals	19.2	46,866,864	64,187,362	109,576,320	116,400,616	244,743,700
Depreciation and amortization expense	5.2	4,968	6,780	4,968	13,459	16,542
Other expenses	20	28,143,393	3,449,206	51,474,879	5,461,453	77,599,640
Total expenses (B)		77,735,713	70,399,864	164,337,364	129,106,285	330,076,319
Profit before tax (A - B)		2,747,739	16,879,206	29,719,516	43,736,712	85,879,505
Tax expense						
Current tax		480,587	2,892,422	3,410,665	5,223,247	12,254,067
Tax charge in respect of earlier years		-	(2)	-	(944)	633,155
Total tax expense		480,587	2,892,420	3,410,665	5,222,303	12,887,222
Net profit for the period / year (C)		2,267,152	13,986,786	26,308,851	38,514,409	72,992,283
Other comprehensive income						
Items that will not be reclassified to profit or loss (D)						
Items that may be reclassified to profit or loss (E)						
- Exchange differences in translating the financial statements from functional currency to reporting currency		7,964,869	(7,544,101)	11,345,703	(2,527,838)	(16,331,932)
		7,964,869	(7,544,101)	11,345,703	(2,527,838)	(16,331,932)
Total comprehensive income for the period / year (C) + (D) + (E)		10,232,021	6,442,685	37,654,554	35,986,571	56,660,351
Earnings per equity share						
[nominal value of share S\$ 1 (Corresponding period / Previous year: S\$ 1)]	21					
Basic (In ₹)		4.53	27.97	52.62	77.03	145.98
Diluted (In ₹)		4.53	27.97	52.62	77.03	145.98
Summary of significant accounting policies	3					

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per C. K. Joshi
Partner
Membership no. 030428

Azlin Bin Ghazali
Director

John Ryan
Director

Place: Pune
Date : October 15, 2017

Place: Pune
Date : October 15, 2017

Place: Singapore
Date : October 15, 2017

Persistent Systems Pte Ltd.**CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2017**

	For the half year ended		For the year ended
	September 30, 2017 (In ₹)	September 30, 2016 (In ₹)	March 31, 2017 (In ₹)
Cash flow from operating activities			
Profit before tax	29,719,516	43,736,712	85,879,505
Adjustments for:			
Interest income	(3,463,111)	(3,373,468)	(7,127,484)
Depreciation and amortization expense	4,968	13,459	16,542
Unrealised exchange loss/ (gain) (net)	(2,812,312)	(10,545,232)	(12,317,645)
Change in foreign currency translation reserve	75,078,794	(2,568,537)	(13,392,762)
Exchange loss/ (gain) on translation of foreign currency cash and cash equivalents	3,190,687	(400,818)	(365,036)
Bad debts	34,146	-	696,792
Provision for doubtful receivables (net)	438,442	-	(696,792)
Operating profit before working capital changes	102,191,130	26,862,116	52,693,120
Movements in working capital :			
(Increase) / Decrease in trade receivables	5,255,407	30,193,208	2,554,473
Decrease in other current assets	55,512,860	66,382,778	925,454
(Increase) / Decrease in loans and advances	(65,504,757)	(29,334,574)	44,064,177
(Decrease) in trade payables and current liabilities	(92,870,996)	(83,964,975)	(6,164,007)
(Decrease) in provisions	537,441	(5,362,556)	(7,849,859)
Operating (loss) / profit after working capital changes	5,121,085	4,775,997	86,223,358
Direct taxes paid (net of refunds)	(12,463,792)	(8,650,883)	(16,552,573)
Net cash generated from operating activities (A)	(7,342,707)	(3,874,886)	69,670,785
Cash flows from investing activities			
Payment towards capital expenditure	(72,707)	-	-
Inter corporate deposit (given) / repaid	-	(24,565,742)	(73,302,616)
Interest received	1,713,695	1,456,426	3,022,931
Net cash (used in) investing activities (B)	1,640,988	(23,109,316)	(70,279,685)
Cash flows from financing activities			
Dividend paid	-	-	-
	(24,041,350)	-	-
Net cash (used in) financing activities (C)	(24,041,350)	-	-

	For the half year ended		For the year ended
	September 30, 2017 (In ₹)	September 30, 2016 (In ₹)	March 31, 2017 (In ₹)
Net (decrease) / increase in cash and cash equivalents (A + B + C)	(29,743,069)	(26,984,202)	(608,900)
Cash and cash equivalents at the beginning of the period / year	106,031,481	106,275,345	106,275,345
Effect of exchange difference on translation of foreign cash and cash equivalents	(3,190,687)	400,818	365,036
Cash and cash equivalents at the end of the period / year	73,097,725	79,691,961	106,031,481
Components of cash and cash equivalents			
Cash on hand	-	-	-
Balances with banks			
On current accounts	73,097,725	79,691,961	106,031,481
Cash and cash equivalents as per note 9	73,097,725	79,691,961	106,031,481

Summary of significant accounting policies - Refer note 3

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

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Place: Pune
Date : October 15, 2017

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Place: Singapore
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Persistent Systems Pte Ltd.**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
15,503,532	-	15,503,532

(In ₹)

Balance as at April 1, 2016	Changes in equity share capital during the period	Balance as at September 30, 2016
15,503,532	-	15,503,532

(In ₹)

Balance as at April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
15,503,532	-	15,503,532

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Persistent Systems Pte Ltd.**STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2017****B. Other equity**

(In ₹)

Particulars	<u>Reserves and surplus</u>	<u>Items of other comprehensive income</u>	Total
	Retained earnings	Exchange differences on translating the financial statements	
Balance as at April 1, 2017	285,383,888	(4,280,954)	281,102,934
Net profit for the period / year	26,308,851	-	26,308,851
Interim dividend	(24,041,350)	-	(24,041,350)
Other comprehensive income for the period	-	11,345,703	11,345,703
Balance at September 30, 2017	287,651,389	7,064,749	294,716,138

(In ₹)

Particulars	<u>Reserves and surplus</u>	<u>Items of other comprehensive income</u>	Total
	Retained earnings	Exchange differences on translating the financial statements	
Balance as at April 1, 2016	212,391,605	12,050,978	224,442,583
Net profit for the period / year	38,514,409	-	38,514,409
Other comprehensive income for the period	-	(2,527,838)	(2,527,838)
Balance at September 30, 2016	250,906,014	9,523,140	260,429,154

(In ₹)

Particulars	<u>Reserves and surplus</u>	<u>Items of other comprehensive income</u>	Total
	Retained earnings	Exchange differences on translating the financial statements	
Balance as at April 1, 2016	212,391,605	12,050,978	224,442,583
Ind AS adjustments on first time adoption	-	-	-
Net profit for the period / year	72,992,283	-	72,992,283
Other comprehensive income for the year	-	(16,331,932)	(16,331,932)
Balance at March 31, 2017	285,383,888	(4,280,954)	281,102,934

Summary of significant accounting policies

3

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

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Place: Pune
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1. Nature of operations

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

2. Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which have been measured at fair value. The accounting policies are consistently applied by the Company during the year and are consistent with those used in previous year.

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 Singapore dollar (SGD)

(c) Use of estimates

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

Critical accounting estimates**i) Revenue recognition**

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

ii) Income taxes

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

iii) Property, plant and equipment

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

iv) Provisions

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

(d) Property, Plant and Equipment

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

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the year during which such expenses are incurred.

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

(e) Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

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

Research and development cost

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

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

Such development expenditure, until capitalization, is reflected as intangible assets under development.

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

(f) Depreciation and amortization

Depreciation on Property, Plant and Equipment is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

Assets	Useful lives
Computers	3 years

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

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

(g) Impairment of Property, Plant and Equipment and Other Intangible Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

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

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

(h) Financial Instruments

i) Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

- Financial assets at amortized cost

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

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

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

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

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

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ii) Financial liabilities*Initial recognition and measurement*

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

Subsequent measurement

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

- Financial liabilities at amortized cost

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

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

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

iii) Impairment**i) Financial assets**

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

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

ii) Non-financial assets

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

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

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

This space is intentionally left blank

(i) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period/ year they occur.

(j) Leases***Where the Company is a lessee***

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

Operating lease payments are recognized as an expense in the statement of profit and loss as per the terms of the lease agreements.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Company. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Income from software services

Revenue from time and material engagements is recognized on time proportion basis as and when the services are rendered in accordance with the terms of the contracts with customers.

In case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on proportionate completion basis.

Revenue from royalty is recognized in accordance with the terms of the relevant agreements.

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

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

Unbilled revenue represents revenue recognized in relation to work done until the balance sheet date for which billing has not taken place.

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized.

The Company collects Goods and service tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

(iii) Dividend

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date. Dividend income is included under the head 'Other income' in the statement of profit and loss.

(l) Foreign currency translation**(i) Foreign currency transactions and balances****Initial recognition**

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

Conversion

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

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

Settlement

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

(m) Retirement and other employee benefits**(i) Provident Fund**

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

(ii) Leave encashment

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

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

(n) Income taxes

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

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

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

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

(o) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period / year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period / year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period / year, are adjusted for the effects of all dilutive potential equity shares.

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

(p) Provisions

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

(q) Contingent liabilities

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

(r) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprises of cash at bank, cash in hand and short term deposits with an original maturity period of three months or less.

4. Share capital

	As at September 30, 2017 In ₹	As at September 30, 2016 In ₹	As at March 31, 2017 In ₹
Authorized shares (No.)			
500,000 Ordinary Shares of S\$ 1 each (previous year 500,000 Ordinary Shares of S\$ 1 each)	SGD 500,000	SGD 500,000	SGD 500,000
	SGD 500,000	SGD 500,000	SGD 500,000
Issued, subscribed and fully paid-up shares (No.)			
500,000 Ordinary Shares of S\$ 1 each (previous year 500,000 Ordinary Shares of S\$ 1 each)	15,503,532	15,503,532	15,503,532
Issued, subscribed and fully paid-up share capital	15,503,532	15,503,532	15,503,532

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

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

	(In ₹)					
	As at 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	500,000	15,503,532	500,000	15,503,532	500,000	15,503,532
Add : Issued during the period / year	-	-	-	-	-	-
Number of shares at the end of the period / year	500,000	15,503,532	500,000	15,503,532	500,000	15,503,532

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Persistent Systems Pte Ltd.
Notes forming part of condensed financial statements

5.1 Property, Plant and Equipment

	(In ₹)	
	Computers	Total
Gross block (At cost)		
As at April 1, 2017	47,524	47,524
Additions	72,707	72,707
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	1,700	1,700
As at September 30, 2017	121,931	121,931
Depreciation and amortization		
As at April 1, 2017	47,524	47,524
Charge for the period / year	4,968	4,968
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	1,840	1,840
As at September 30, 2017	54,332	54,332
Net block		
As at September 30, 2017	67,599	67,599
As at March 31, 2017	-	-
		(In ₹)
	Computers	Total
Gross block (At cost)		
As at April 1, 2016	50,437	50,437
Additions	-	-
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	(445)	(445)
As at September 30, 2016	49,992	49,992
Depreciation and amortization		
As at April 1, 2016	33,475	33,475
Charge for the period / year	13,459	13,459
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	(438)	(438)
As at September 30, 2016	46,496	46,496
Net block		
As at September 30, 2016	3,496	3,496
As at March 31, 2016	16,962	16,962
		(In ₹)
	Computers	Total
Gross block (At cost)		
As at April 1, 2016	50,437	50,437
Additions	-	-
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	(2,913)	(2,913)
As at March 31, 2017	47,524	47,524
Depreciation and amortization		
As at April 1, 2016	33,475	33,475
Charge for the year	16,542	16,542
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	(2,493)	(2,493)
As at March 31, 2017	47,524	47,524
Net block		
As at March 31, 2017	-	-
As at March 31, 2016	16,962	16,962

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5.2. Depreciation and amortization

	(In ₹)				
	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	4,968	6,780	4,968	13,459	16,542
	4,968	6,780	4,968	13,459	16,542

6. Non-current financial assets : Investments

	(In ₹)			
	As at	As at	As at	As at
	September 30, 2017	September 30, 2016	March 31, 2017	March 31, 2017
	In ₹	In ₹	In ₹	In ₹
Investments designated as Fair Value through Profit and Loss				
Unquoted Investments				
(i) Investments in Equity Instruments				
Others*				
Ciqua Limited [Holding 2.38% (Corresponding period / Previous year 2.38%)]				
42,857 (Corresponding period / Previous year: 42,857) shares of GBP 0.01 each, fully paid up	13,020,795	13,224,301	12,571,673	
Less : Provision for diminution in value of investment	(13,020,795)	(13,224,301)	(12,571,673)	
Total carrying amount of investments	-	-	-	
Aggregate amount of diminution in value of investments	13,020,795	13,224,301	12,571,673	
Aggregate amount of unquoted investments	13,020,795	13,224,301	12,571,673	

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

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

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Carried at amortized cost			
Other loans and advances			
Loan to related parties			
Unsecured, considered good			
-Persistent Telecom Solutions Inc.	143,726,000	153,191,500	207,520,000
Add: Interest accrued but not due on loan	-	-	-
	143,726,000	153,191,500	207,520,000

8. Trade receivables

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good		-	-
Unsecured, considered doubtful	553,604	812,131	98,901
	553,604	812,131	98,901
Less : Provision for doubtful receivables	(553,604)	(812,131)	(98,901)
	-	-	-
Others			
Unsecured, considered good	52,312,996	31,302,587	55,223,078
Unsecured, considered doubtful	-	-	-
	52,312,996	31,302,587	55,223,078
Less : Provision for doubtful receivables	-	-	-
	52,312,996	31,302,587	55,223,078

9. Cash and cash equivalents

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Cash and cash equivalents as presented in cash flow statement			
Balances with banks			
On current accounts	73,097,725	79,691,961	106,031,481
	73,097,725	79,691,961	106,031,481

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Persistent Systems Pte Ltd.**Notes forming part of condensed financial statements****10. Current financial assets : Loans**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Carried at amortised costs			
Loan to related parties (Unsecured, considered good)			
- Persistent Telecom Solutions Inc.	65,330,000	73,265,500	-
Add: Interest accrued but not due on loan	3,538,591	3,359,508	1,734,327
	68,868,591	76,625,008	1,734,327

Security Deposits

Unsecured, considered good	221,181	195,337	46,424
	221,181	195,337	46,424
	69,089,772	76,820,345	1,780,751

11. Other current financial assets

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Advance to related parties (Unsecured, considered good)			
- Persistent Systems Inc.	-	605,361	-
- Persistent Systems Limited	11,258	-	109,010
- Persistent Telecom Solutions Inc.	-	-	-
	11,258	605,361	109,010
Unbilled revenue	8,166,252	-	324,250
	8,166,252	-	324,250
	8,177,510	605,361	433,260

12. Other current assets

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Advances to related parties (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received			
- Persistent Systems Inc.	43,716,942	45,247,041	110,637,537
- Persistent Telecom Solutions Inc.	6,008,662	2,748,455	2,574,934
	49,725,604	47,995,496	113,212,471
Advances to suppliers (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	505,182	110,691	275,413
	505,182	110,691	275,413
	50,230,786	48,106,187	113,487,884

Persistent Systems Pte Ltd.**Notes forming part of condensed financial statements****13. 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	24,652,790	41,986,244	37,878,459
	24,652,790	41,986,244	37,878,459

14. Other financial liabilities

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Advance from related parties (Unsecured, considered good)			
-Persistent Systems Limited	-	8,756	-
	-	8,756	-

15. Other current liabilities

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Advance from customers	-	-	-
Other payables			
- Statutory liabilities	15,338	99,566	14,577
- Unearned revenue	62,156,965	59,994,393	141,538,596
GST payable (net)	37,030	-	295,874
	62,209,333	60,093,959	141,849,047

16. Current liabilities : 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	-	108,265	-
- Other employee benefits	537,441	2,379,038	-
	537,441	2,487,303	-

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

	For the quarter ended		For the Half year ended		For the year ended
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Software services	60,711,010	79,932,523	147,249,113	146,361,275	285,808,692
Software licenses	18,029,626	1,734,338	43,344,656	4,975,941	115,477,196
	78,740,636	81,666,861	190,593,769	151,337,216	401,285,888

18. 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					
On others	1,742,816	1,818,443	3,463,111	3,373,468	7,127,484
Foreign exchange gain (net)	-	3,777,898	-	10,385,159	-
Excess provision written back in respect of earlier period / year	-	15,868	-	7,747,154	7,542,452
	1,742,816	5,612,209	3,463,111	21,505,781	14,669,936

19. 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 ₹)
19.1 Employee benefits expense					
Salaries, wages and bonus	2,548,898	2,582,849	3,033,663	6,740,443	6,955,999
Defined contribution to other funds	2,673	13,100	3,787	167,080	166,653
Staff welfare and benefits	168,917	156,133	243,747	314,504	593,785
Employee stock option expenses	-	4,434	-	8,730	-
	2,720,488	2,756,516	3,281,197	7,230,757	7,716,437
19.2 Cost of technical professionals					
Technical professionals - related parties	46,866,864	64,187,362	109,576,320	116,400,616	244,743,700
	46,866,864	64,187,362	109,576,320	116,400,616	244,743,700
	49,587,352	66,943,878	112,857,517	123,631,373	252,460,137

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20. 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 ₹)
Travelling and conveyance	241,574	59,302	245,148	241,468	805,115
Communication expenses	14,025	42,835	14,025	42,835	80,365
Purchase of software licenses and support expenses	14,407,671	1,298,668	32,471,379	1,455,845	70,391,523
Bad debts	248	-	34,146	-	696,792
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	455,864	-	438,442	-	(696,792)
Rent	168,303	-	168,303	-	-
Legal and professional fees	673,448	1,765,583	1,720,764	3,046,554	6,205,839
Commission on sales	7,191,854	190	7,191,854	98,853	10,431,060
Advertisement and sponsorship fees	-	28	-	13,468	13,112
Auditor's remuneration	158,169	184,057	312,997	327,101	639,030
Books, memberships, subscriptions	3,560	3,577	7,032	7,715	14,944
Foreign exchange loss (net)	4,728,147	-	8,611,362	-	(11,529,667)
Miscellaneous expenses	100,530	94,966	259,427	227,614	548,319
	28,143,393	3,449,206	51,474,879	5,461,453	77,599,640

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21. 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
<u>Numerator for Basic and Diluted EPS</u>						
Net Profit after tax (In ₹)	(A)	2,267,152	13,986,786	26,308,851	38,514,409	72,992,283
<u>Denominator for Basic EPS</u>						
Weighted average number of equity shares of S\$ 1 each	(B)	500,000	500,000	500,000	500,000	500,000
<u>Denominator for Diluted EPS</u>						
Number of equity shares	(C)	500,000	500,000	500,000	500,000	500,000
Basic Earnings per share of S\$ 1 each (In ₹)	(A/B)	4.53	27.97	52.62	77.03	145.98
Diluted Earnings per share of S\$ 1 each (In ₹)	(A/C)	4.53	27.97	52.62	77.03	145.98

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22. Contingent liabilities

The Company does not have any contingent liability as on September 30, 2017 (previous period / year ₹ Nil).

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

As per our report of even date

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

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

per C.K. Joshi
Partner
Membership No.030428
Place: Pune
Date: October 15, 2017

Azlin Bin Ghazali
Director
Place: Pune
Date: October 15, 2017

Mr. John Ryan
Director
Place: Singapore
Date: October 15, 2017
