

CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2017

	Note	As at December 31, 2017 (In ₹)	As at December 31, 2016 (In ₹)	As at March 31, 2017 (In ₹)
ASSETS				
Non-current assets				
Property, Plant and Equipment	5.1	118,862,104	88,213,491	136,953,062
Capital work-in-progress		5,004,528	63,217,073	9,318,214
Other Intangible assets	5.2	1,847,218,497	1,983,201,855	1,926,872,485
Intangible assets under development		103,544,341	303,088,839	276,284,480
		<u>2,074,629,470</u>	<u>2,437,721,258</u>	<u>2,349,428,241</u>
Financial assets				
- Investments	6	602,529,972	1,091,754,514	1,042,023,405
- Loans	7	246,930,620	346,875,555	251,021,859
Deferred tax assets (net)	15	101,839,545	35,400,888	22,112,729
Other non-current assets	8	291,969	13,102,101	8,298,087
	(A)	<u>3,026,221,576</u>	<u>3,924,854,316</u>	<u>3,672,884,321</u>
Current assets				
Financial assets				
- Trade receivables	9	2,739,755,921	2,466,336,919	2,830,990,936
- Cash and cash equivalents	10	606,453,820	556,529,735	524,115,618
- Other bank balances	11	-	763,292	735,099
- Loans	12	68,312,365	4,416,425	69,291,603
- Other current financial assets	13	1,354,196,504	1,438,084,651	1,156,551,077
Current tax assets (net)		99,038,856	110,340,260	88,789,231
Other current assets	14	78,724,828	90,680,170	164,001,577
	(B)	<u>4,946,482,294</u>	<u>4,667,151,452</u>	<u>4,834,475,141</u>
TOTAL	(A) + (B)	<u><u>7,972,703,870</u></u>	<u><u>8,592,005,768</u></u>	<u><u>8,507,359,462</u></u>
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	2,478,007,850	2,273,857,850	2,478,007,850
Other equity		844,347,977	1,124,129,997	972,870,925
	(A)	<u>3,322,355,827</u>	<u>3,397,987,847</u>	<u>3,450,878,775</u>
LIABILITIES				
Non-current liabilities				
Financial liabilities				
- Long-term borrowings	16	322,739,480	336,916,561	324,776,063
	(B)	<u>322,739,480</u>	<u>336,916,561</u>	<u>324,776,063</u>
Current liabilities				
Financial liabilities				
- Trade payables	17	2,564,102,748	2,690,660,285	2,785,259,738
- Other financial liabilities	18	390,983,826	664,971,962	552,414,719
Other current liabilities	19	645,198,128	792,607,545	740,973,870
Provisions	20	727,323,861	708,861,568	653,056,297
	(C)	<u>4,327,608,563</u>	<u>4,857,101,360</u>	<u>4,731,704,624</u>
TOTAL	(A)+(B)+(C)	<u><u>7,972,703,870</u></u>	<u><u>8,592,005,768</u></u>	<u><u>8,507,359,462</u></u>
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
Chartered Accountants
ICAI Firm registration no. 117366W/W-100018

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

Hemant M. Joshi
Partner
Membership No. 038019

Dr. Anand Deshpande Sudhir Kulkarni
Director Director

Place: Pune
Date : January 25th, 2018

Place: Pune Place: Pune
Date : January 25th, 2018 Date : January 25th, 2018

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2017

	Note	For the quarter ended		For the nine months ended		For the year ended
		December 31, 2017 (In ₹)	December 31, 2016 (In ₹)	December 31, 2017 (In ₹)	December 31, 2016 (In ₹)	March 31, 2017 (In ₹)
Income						
Revenue from operations (net)	21	4,635,376,547	3,997,768,439	12,997,289,937	11,203,776,548	15,383,119,521
Other income	22	11,166,287	5,377,208	15,857,823	9,996,686	4,179,517
Total Income (A)		4,646,542,834	4,003,145,647	13,013,147,760	11,213,773,234	15,387,299,038
Expenses						
Employee benefits expense	23.1	1,880,248,511	1,945,444,530	5,576,089,699	5,597,074,276	7,310,701,605
Cost of technical professionals	23.2	1,973,973,006	1,536,400,836	5,525,608,936	4,092,929,324	5,664,882,797
Finance costs		4,591,002	3,949,691	13,295,192	6,610,599	10,864,935
Depreciation and amortization expense	5.3	200,646,591	161,471,304	572,900,194	424,768,188	598,879,209
Other expenses	24	729,806,276	418,662,145	1,482,796,563	1,140,644,043	1,602,220,238
Total expenses (B)		4,789,265,386	4,065,928,506	13,170,690,584	11,262,026,430	15,187,548,784
Profit/(Loss) before tax (A - B)		(142,722,552)	(62,782,859)	(157,542,824)	(48,253,196)	199,750,254
Tax expense						
Current tax		(3,946,229)	-	2,527,206	-	20,941,714
Tax charge in respect of earlier years		-	-	-	-	-
Deferred tax (Credit)/Charge		(61,893,883)	(93,084,025)	(80,678,762)	(71,986,528)	(59,864,902)
Total tax expense		(65,840,112)	(93,084,025)	(78,151,556)	(71,986,528)	(38,923,188)
Net profit for the quarter / year (C)		(76,882,440)	30,301,166	(79,391,268)	23,733,332	238,673,442
Other comprehensive income						
Items that will not be reclassified to profit or loss (D)						
- Remeasurements of the defined benefit liabilities / (asset)		-	(40,370,858)	-	-	-
- Tax effect on remeasurements of the defined benefit liabilities / (asset)		-	(20,797,174)	-	-	-
		-	(61,168,032)	-	-	-
Items that will be reclassified to profit or loss (E)						
- Exchange differences on translating the financial statements of foreign operations		(74,638,542)	62,271,101	(49,131,680)	71,422,189	(90,626,993)
		(74,638,542)	62,271,101	(49,131,680)	71,422,189	(90,626,993)
Total comprehensive income for the quarter / year (C) + (D) + (E)		(151,520,982)	31,404,235	(128,522,948)	95,155,521	148,046,449
Earnings per equity share [nominal value of Share \$ 0.10] (Previous Quarter/year \$0.10)						
Basic (In ₹)	25	(0.19)	0.09	(0.20)	0.08	0.73
Diluted (In ₹)		(0.19)	0.09	(0.20)	0.08	0.73
Summary of significant accounting policies	3					

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As per our report of even date

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

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

Hemant M. Joshi
Partner
Membership No. 038019

Dr. Anand Deshpande Sudhir Kulkarni
Director Director

Place: Pune
Date : January 25th, 2018

Place: Pune Place: Pune
Date : January 25th, 2018 Date : January 25th, 2018

CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(In ₹)

Particulars	For the nine months ended		For the year ended
	December 31, 2017	December 31, 2016	March 31, 2017
Cash flow from operating activities			
Profit before tax	(157,542,824)	(48,253,196)	199,750,254
Adjustments for:			
Exchange differences in translating the financial statements of foreign operations	(38,661,158)	14,197,292	(60,531,008)
Interest income	(2,808,002)	(1,784,255)	(2,626,904)
(Profit) /Loss on sale of fixed assets	-	74,481	74,443
Depreciation	572,900,194	424,768,188	598,879,209
Finance cost	13,295,192	6,610,599	10,864,935
Provision for diminution in value of Investment	425,668,875	8,394,625	8,390,325
Excess provision written back	(4,330,838)	-	(1,246,873)
unrealised Foreign exchange loss / (gain)	-	-	-
Discount to customers	37,615,271	-	78,342,443
Bad debts written off	1,311,909	109,387	5,011,060
Provision for doubtful debts (net)	11,844,550	9,401,286	(2,071,170)
Remeasurements of the defined benefit liabilities / asset	-	-	-
Operating profit before working capital changes	859,293,169	413,518,407	834,836,714
Movements in working capital :			
(Increase)/decrease in trade receivable	40,463,285	66,134,585	(369,044,219)
(Increase)/decrease in other current assets	86,129,509	(295,284,419)	(45,713,357)
(Increase)/decrease in other financial assets	(198,412,888)	29,284,376	(15,487,493)
(Increase)/decrease in loans and advances	-	(681,849)	-
Increase/(decrease) in trade payables and current liabilities	(334,922,420)	379,473,715	433,866,208
Increase/(decrease) in provisions	74,267,564	153,038,338	(35,784,344)
Operating profit after working capital changes	526,818,219	745,483,153	802,673,509
Direct taxes paid (net of refunds)	(9,828,201)	(2,716,572)	-
Net cash flow from operating activities	A 516,990,018	742,766,581	802,673,509
Cash flows from investing activities			
Additions to Fixed Assets (including Intangible assets)	(430,058,432)	(1,343,382,455)	(1,456,450,668)
Deposit matured/ (placed)	-	(3,107,900)	-
Intercompany deposit placed	(118,103,182)	(128,324,793)	(168,412,882)
Intercompany deposit returned	120,716,604	-	63,766,470
Investment in subsidiaries	-	(30,223,885)	(33,840,195)
(Investments in)/maturity of bank deposits having original maturity over 3 months	730,748	-	738,004
Interest received	3,106,721	1,220,978	1,325,264
Net cash flow from investing activities	B (423,607,541)	(1,503,818,055)	(1,592,874,007)
Cash flows from financing activities			
Proceeds from issuance of share capital	-	404,940,000	609,090,000
Proceeds from Share application money	-	204,150,000	-
Proceeds from borrowings	-	334,297,465	337,505,340
Payment of Interest	(11,044,275)	-	(6,472,968)
Net cash flow from financing activities	C (11,044,275)	943,387,465	940,122,372
Net increase in cash and cash equivalents (A + B + C)	82,338,202	182,335,991	149,921,874
Cash and cash equivalents at the beginning of the period	524,115,618	374,193,744	374,193,744
Cash and cash equivalents at the end of the period (Refer Note 10)	606,453,820	556,529,735	524,115,618
Components of cash and cash equivalents as at	December 31, 2017	December 31, 2016	March 31, 2017
Cash on hand	6,916	7,346	7,011
Bank Balances with Banks	606,446,904	556,522,389	524,108,607
Cash and cash equivalents	606,453,820	556,529,735	524,115,618
(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
Chartered Accountants
ICAI Firm registration no. 117366W/W-100018

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

Hemant M. Joshi
Partner
Membership No. 038019

Dr. Anand Deshpande
Director

Sudhir Kulkarni
Director

Place: Pune
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Persistent Systems Inc.**STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED DECEMBER 31, 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 December 31, 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 December 31, 2016
1,200,917,850	1,072,940,000	2,273,857,850

(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 NINE MONTHS ENDED DECEMBER 31, 2017

B. Other equity

(In ₹)

Particulars	Share application money pending allotment	Retained earnings	Items of other comprehensive income	Total
			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	-	(79,391,268)	-	(79,391,268)
Change during the period	-	-	(49,131,680)	(49,131,680)
Balance at December 31, 2017	-	753,819,228	90,528,749	844,347,977

(In ₹)

Particulars	Share application money pending allotment	Reserves and surplus	Items of other comprehensive income	Total
		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	-	23,733,332	-	23,733,332
Transfer to share capital	(668,000,000)	-	-	(668,000,000)
Change during the period	204,150,000	-	71,422,189	275,572,189
Balance at December 31, 2016	204,150,000	618,270,386	301,709,611	1,124,129,997

(In ₹)

Particulars	Share application money pending allotment	Retained earnings	Items of other comprehensive income	Total
			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
Chartered Accountants
ICAI Firm registration no. 117366W/W-100018

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

Hemant M. Joshi
Partner
Membership No. 038019

Dr. Anand Deshpande
Director

Sudhir Kulkarni
Director

Place: Pune
Date : January 25th, 2018

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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 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

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.

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.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

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 December 31, 2017 (In ₹)	As at December 31, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Authorised			
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
	US \$ 65,000,000	US \$ 65,000,000	US \$ 65,000,000
Issued, subscribed and paid-up			
402,000,000 (Corresponding period 372,000,000/ 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	2,273,857,850	2,478,007,850
	2,478,007,850	2,273,857,850	2,478,007,850

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

	December 31, 2017		December 31, 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	-	-	160,000,000	1,072,940,000	190,000,000	1,277,090,000
No. of Share at the end of the reporting year	402,000,000	2,478,007,850	372,000,000	2,273,857,850	402,000,000	2,478,007,850

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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
Gross block					
As at April 1, 2017	22,795,747	173,799,115	96,471,029	672,008	293,737,899
Additions	7,485,684	12,323,440	9,384,757	-	29,193,881
Disposals	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(373,378)	(2,366,365)	(1,385,465)	(9,067)	(4,134,275)
As at December 31, 2017	29,908,053	183,756,190	104,470,321	662,941	318,797,505
Depreciation and amortization					
As at April 1, 2017	7,491,681	115,102,481	34,092,707	97,968	156,784,837
Charge for the period	4,446,836	25,411,062	15,694,255	83,895	45,636,048
Disposals	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(137,441)	(1,758,899)	(587,143)	(2,001)	(2,485,484)
As at December 31, 2017	11,801,076	138,754,644	49,199,819	179,862	199,935,401
Net block					
As at December 31, 2017	18,106,977	45,001,546	55,270,502	483,079	118,862,104
As at March 31, 2017	15,304,066	58,696,634	62,378,322	574,040	136,953,062
					(In ₹)
	Office Equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
Gross block					
As at April 1, 2016	12,192,214	129,780,933	59,497,142	-	201,470,289
Additions	401,125	26,267,616	7,008,145	-	33,676,886
Disposals	(324,820)	(6,471,294)	-	-	(6,796,114)
Effect of foreign currency translation from functional currency to reporting currency	311,462	3,196,472	1,489,241	-	4,997,175
As at December 31, 2016	12,579,981	152,773,727	67,994,528	-	233,348,236
Depreciation and amortization					
As at April 1, 2016	4,096,236	90,976,513	18,073,199	-	113,145,948
Charge for the period	1,726,386	22,939,732	10,120,702	-	34,786,820
Disposals	(246,183)	(5,797,080)	-	-	(6,043,263)
Effect of foreign currency translation from functional currency to reporting currency	122,645	2,539,336	583,259	-	3,245,240
As at December 31, 2016	5,699,084	110,658,501	28,777,160	-	145,134,745
Net block					
As at December 31, 2016	6,880,897	42,115,226	39,217,368	-	88,213,491
As at March 31, 2016	8,095,978	38,804,420	41,423,943	-	88,324,341
					(In ₹)
	Office Equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
Gross block					
As at April 1, 2016	12,192,214	129,780,933	59,497,142	-	201,470,289
Additions	11,506,967	53,990,192	39,384,169	691,756	105,573,084
Disposals	(324,820)	(5,893,851)	-	-	(6,218,671)
Effect of foreign currency translation from functional currency to reporting currency	(578,614)	(4,078,159)	(2,410,282)	(19,748)	(7,086,803)
As at March 31, 2017	22,795,747	173,799,115	96,471,029	672,008	293,737,899
Depreciation and amortization					
As at April 1, 2016	4,096,237	90,976,520	18,073,199	-	113,145,956
Charge for the 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)
As at March 31, 2017	7,491,681	115,102,481	34,092,707	97,968	156,784,837
Net block					
As at March 31, 2017	15,304,066	58,696,634	62,378,322	574,040	136,953,062
As at March 31, 2016	8,095,977	38,804,413	41,423,943	-	88,324,333

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

5.2 Other Intangible assets

(In ₹)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2017	1,057,367,183	2,038,990,575	3,096,357,758
Additions	225,574	476,121,754	476,347,328
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(14,268,373)	(34,519,695)	(48,788,068)
As at December 31, 2017	1,043,324,384	2,480,592,634	3,523,917,018
Amortization			
As at April 1, 2017	714,048,638	455,436,635	1,169,485,273
Charge for the period	124,445,719	402,818,427	527,264,146
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(10,642,572)	(9,408,326)	(20,050,898)
As at December 31, 2017	827,851,785	848,846,736	1,676,698,521
Net block			
As at December 31, 2017	215,472,599	1,631,745,898	1,847,218,497
As at March 31, 2017	343,318,545	1,583,553,940	1,926,872,485

(In ₹)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2016	1,077,933,595	203,965,095	1,281,898,690
Additions	2,205,547	1,715,237,280	1,717,442,827
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	27,691,440	24,136,683	51,828,123
As at December 31, 2016	1,107,830,582	1,943,339,058	3,051,169,640
Amortization			
As at April 1, 2016	560,137,274	96,399,550	656,536,824
Charge for the period	129,142,281	260,839,087	389,981,368
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	15,911,418	5,538,175	21,449,593
As at December 31, 2016	705,190,973	362,776,812	1,067,967,785
Net block			
As at December 31, 2016	402,639,609	1,580,562,246	1,983,201,855
As at March 31, 2016	517,796,321	107,565,545	625,361,866

(In ₹)

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

5.3 Depreciation and amortization

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
On Property, Plant and Equipment	16,846,494	23,921,069	45,636,048	34,786,820	53,670,148
On Other Intangible assets	183,800,097	277,240,531	527,264,146	389,981,368	545,209,061
	200,646,591	301,161,600	572,900,194	424,768,188	598,879,209

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

	As at December 31, 2017 (In ₹)	As at December 31, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Investments carried at cost			
Unquoted investments			
Investments in Equity Instruments			
-In Wholly owned Subsidiary Companies			
Persistent Telecom Solutions Inc.			
2,480 (corresponding period 2,480; Previous year 2,480) shares of \$ 0.001 each, fully paid up	396,645,000	421,259,000	402,070,000
Less: Provision for diminution in value of investment	(396,645,000)	-	-
Akshat Corporation			
1,000 (Corresponding period 1,000; Previous year 1000) equity shares of at par value NIL each, fully paid up	239,906,250	254,793,750	243,187,500
Aepona Holdings Limited Ireland			
5,647,319 "A" ordinary share of Euro 0.012 each and 545,245,060,316 "B" ordinary shares of GBP 0.000001 each (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)	282,558,340	300,092,636	286,422,951
Persistent Systems Israel Limited			
3,867,400 (Corresponding period 3,867,400; Previous year: 3,867,400) ordinary shares of 0.1 NIS par value	6,466,717	6,868,012	6,555,164
Persistent Systems Mexico, S.A. de C. V			
99,999 (Corresponding period 99,999; Previous year 99,999) ordinary shares of 0.1 Pesos par value	3,454,647	3,669,027	3,501,897
Total carried at cost	532,385,954	986,682,425	941,737,512
Designated as Fair Value Through Profit and Loss			
Unquoted Investments			
Investments in Preferred Stocks			
Hyginex, Inc.			
Preference shares of \$ 0.001 each, fully paid up 250,000 (Corresponding period:250,000, Previous year - 250,000)	12,795,000	13,589,000	12,970,000
Less: Provision for diminution in value of investment	(12,795,000)		
OpsDataStore Inc.			
Preferred Stock of \$ 0.001 each, fully paid up 200,000 (Corresponding period: 200,000,Previous year - 200,000)	12,795,000	13,589,000	12,970,000
Jocata Corporation			
Preferred Stock of \$ 0.001 each, fully paid up 6,000 (Corresponding period:6000 ,Previous year -6000)	15,993,750	16,986,250	16,212,500
Trunomi, Inc.			
Preferred Stock of \$ 0.0002 each, fully paid up 277,778 (Corresponding period- 277,778, Previous year - 277,778)	15,993,750	16,986,250	16,212,500
Ampool, Inc.			
Preferred Stock of \$ 0.4583 each, fully paid up 545,494 (Corresponding period: 545,494, Previous year - 545,494)	15,993,750	16,986,250	16,212,500
Total carried at fair value	60,776,250	78,136,750	74,577,500
Investments in Convertible notes			
DxNow			
Note of \$ 125,000 each, fully paid up (Corresponding period -\$ 125,000 ,Previous year - \$ 125,000)	7,996,875	8,493,125	8,106,250
Less: Provision for diminution in value of investment	(7,996,875)	(8,493,125)	(8,106,250)
Ustyme			
Note of \$ 250,000 each, fully paid up (Corresponding period - \$ 250,000, Previous year - \$ 250,000)	15,993,750	16,986,250	16,212,500
Less: Provision for diminution in value of investment	(15,993,750)	-	-
In Akumina Inc.			
Note of \$ 146,429 each, fully paid up (Corresponding period- \$ 146,429, Previous year- \$ 146,429)	9,367,768	9,949,089	9,495,893
Total investment carried at fair value	9,367,768	26,935,339	25,708,393
Total Investments	602,529,972	1,091,754,514	1,042,023,405
Aggregate amount of diminution in value of investments	433,430,625	8,493,125	8,106,250
Aggregate amount of Quoted investments	-	-	-
Aggregate amount of unquoted investments	1,035,960,597	1,100,247,639	1,050,129,655

7. Non current financial assets : loans

	As at December 31, 2017 (In ₹)	As at December 31, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Loans to related parties (Unsecured, considered good) at amortised cost			
- Persistent Telecom Solutions Inc (Repayment terms : At the end of three years) (Rate of Interest: US Prime rate + 150 bps)	131,148,750	207,232,250	132,942,500
- Interest accrued but not due at amortised cost	618,147	365,637	464,025
	<u>131,766,897</u>	<u>207,597,887</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)	103,856,911	128,324,793	106,727,380
- Interest accrued but not due at amortised cost	455,494	447,350	860,972
	<u>104,312,405</u>	<u>128,772,143</u>	<u>107,588,352</u>
Security deposits Unsecured, considered good	10,851,318	10,505,525	10,026,982
	<u>246,930,620</u>	<u>346,875,555</u>	<u>251,021,859</u>

8. Other non-current assets

	As at December 31, 2017 (In ₹)	As at December 31, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Unsecured, considered good			
Interest accrued but not due at amortised cost			
Capital Advance	291,969	11,751,235	7,445,327
Advances recoverable in cash or kind or for value to be received	-	1,350,866	852,760
	<u>291,969</u>	<u>13,102,101</u>	<u>8,298,087</u>

9. Trade receivables

	As at December 31, 2017 (In ₹)	As at December 31, 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)		-	2,204,900
Unsecured (considered doubtful)	28,441,454	30,578,287	16,921,215
	<u>28,441,454</u>	<u>30,578,287</u>	<u>19,126,115</u>
Less : Provision for doubtful receivables	28,441,454	30,578,287	16,921,215
	<u>-</u>	<u>-</u>	<u>2,204,900</u>
Others			
Unsecured (considered good)	2,739,755,921	2,466,336,919	2,828,786,036
Unsecured (considered doubtful)		-	-
	<u>2,739,755,921</u>	<u>2,466,336,919</u>	<u>2,828,786,036</u>
Less : Provision for doubtful receivables	-	-	-
	<u>2,739,755,921</u>	<u>2,466,336,919</u>	<u>2,828,786,036</u>
	<u>2,739,755,921</u>	<u>2,466,336,919</u>	<u>2,830,990,936</u>

10. Cash and cash equivalents

	As at December 31, 2017 (In ₹)	As at December 31, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Cash and cash equivalents as presented in cash flow statement			
Cash on hand	6,916	7,346	7,011
Balances with banks			
-On current account	606,446,904	556,522,389	524,108,607
	606,453,820	556,529,735	524,115,618

11. Other bank balances

	As at December 31, 2017 (In ₹)	As at December 31, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Other bank balances			
On deposit account with maturity more than three months but less than twelve months	-	763,292	735,099
	-	763,292	735,099

12. Current financial assets : loans

	As at December 31, 2017 (In ₹)	As at December 31, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Carried at amortised cost			
Unsecured considered good			
Loan to LHS Solutions Inc.	4,158,375	4,416,425	4,215,250
Loans to related parties			
- Persistent Telecom Solutions Inc	63,975,000	-	64,850,000
Interest accrued on loan to related parties			
- Persistent Telecom Solutions Inc	178,990	-	226,353
	68,312,365	4,416,425	69,291,603

13. Other current financial assets

	As at December 31, 2017 (In ₹)	As at December 31, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Advance to related parties			
Unsecured considered good			
- Persistent Systems Malaysia Sdn. Bhd.	-	-	-
- Persistent Systems France SAS	1,651,190	1,546,065	1,497,218
- Akshat Corporation	89,987,661	23,864,916	27,035,839
- Valista Limited Ireland	34,224	36,347	229,241
- Aepona Limited	13,898,848	-	-
- Persistent Systems Lanka (Private) Limited	-	4,763,657	-
- Persistent Systems Srilanka	4,385,839	-	4,485,541
- Persistent Systems Israel Ltd.	81,141,096	31,811,785	72,951,066
- Persistent Systems México, S.A. de C.V.	-	-	-
- Persistent Telecom Solutions, Inc.	1,661,613	13,654,726	10,339,380
- Persistent Systems Germany	7,466,043	-	-
	200,226,514	75,677,496	116,538,285
Unbilled Revenue	1,153,969,990	1,362,407,155	1,040,012,792
	1,153,969,990	1,362,407,155	1,040,012,792
	1,354,196,504	1,438,084,651	1,156,551,077

14. Other current assets

	As at December 31, 2017 (In ₹)	As at December 31, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Advances recoverable in cash or kind or for value to be received	78,087,205	70,728,691	151,715,138
TDS Receivable	384,170	-	-
VAT receivable	253,453	19,951,479	12,286,439
	78,724,828	90,680,170	164,001,577

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS
15. Deferred tax liability (net)

	As at December 31, 2017 (In ₹)	As at December 31, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Deferred tax assets			
Provision for doubtful debts	6,152,325	10,396,602	7,363,359
Employee related payments	30,218,895	32,272,566	27,552,174
Leave encashment	46,217,432	70,964,852	64,401,126
R&D Tax Credit	126,889,998	-	-
Accumulated Losses	6,775,800	-	-
Others	49,629,750	38,382,600	46,106,468
	<u>265,884,200</u>	<u>152,016,620</u>	<u>145,423,127</u>
Deferred tax liability			
Difference in depreciation as per books of US tax laws	(164,044,655)	(116,615,732)	(123,310,398)
Others	-	-	-
Deferred tax asset/(liability) (net)	<u>101,839,545</u>	<u>35,400,888</u>	<u>22,112,729</u>

16. Non Current financial Liabilities : Borrowings

	As at December 31, 2017 (In ₹)	As at December 31, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Borrowings from related parties at amortised cost			
Inter company Borrowing			
- Persistent Systems Limited. (Repayment terms : At the end of three years) (Rate of Interest: US Prime rate + 125 bps)	313,477,500	332,930,500	317,765,000
- Interest accrued but not due at amortised cost	9,261,980	3,986,061	7,011,063
	<u>322,739,480</u>	<u>336,916,561</u>	<u>324,776,063</u>

17. Trade payables

	As at December 31, 2017 (In ₹)	As at December 31, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Trade payables for goods and services	2,564,102,748	2,690,660,285	2,785,259,738
	<u>2,564,102,748</u>	<u>2,690,660,285</u>	<u>2,785,259,738</u>

18. Current financial liabilities : Others

	As at December 31, 2017 (In ₹)	As at December 31, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Capital creditors	42,735,300	262,089,423	181,845,667
Accrued employee liabilities	284,175,811	314,832,081	301,894,258
Advances from related parties (unsecured)			
-Persistent Systems Limited	64,072,715	33,077,732	43,853,739
- Aepona Limited	-	51,485,028	24,821,055
-Persistent Systems Pte. Ltd.	-	1,534,634	-
Payable to Selling shareholders	-	1,953,064	-
	<u>390,983,826</u>	<u>664,971,962</u>	<u>552,414,719</u>

19. Other current liabilities

	As at December 31, 2017 (In ₹)	As at December 31, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Unearned revenue	542,361,605	598,867,263	541,656,794
Other payables			
Advance from customer	102,836,523	193,740,282	199,317,076
	<u>645,198,128</u>	<u>792,607,545</u>	<u>740,973,870</u>

20. Provisions

	As at December 31, 2017 (In ₹)	As at December 31, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Provision for employee benefits			
- Leave encashment	213,657,575	208,720,152	189,415,075
- Long service awards	-	3,044,887	-
- Other employee benefits	513,666,286	497,096,529	463,641,222
	<u>727,323,861</u>	<u>708,861,568</u>	<u>653,056,297</u>

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

21. Revenue from operations

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2017 (In ₹)	December 31, 2016 (In ₹)	December 31, 2017 (In ₹)	December 31, 2016 (In ₹)	March 31, 2017 (In ₹)
Software licenses	59,563,327	77,438,465	284,190,201	141,292,645	353,432,659
Software services	4,575,813,220	3,920,329,974	12,713,099,736	11,062,483,903	15,029,686,862
	4,635,376,547	3,997,768,439	12,997,289,937	11,203,776,548	15,383,119,521

22. Other income

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2017 (In ₹)	December 31, 2016 (In ₹)	December 31, 2017 (In ₹)	December 31, 2016 (In ₹)	March 31, 2017 (In ₹)
Interest income	34,615	12,153	88,655	43,229	58,019
Interest on financial assets carried at amortised cost	882,384	884,295	2,719,347	1,741,026	2,568,885
Foreign exchange gains (net)	2,264,847	4,194,192	(1,729,822)	5,162,183	(3,756,873)
Excess provision in respect of earlier years written back	4,330,838	-	4,330,838	-	1,246,873
Miscellaneous income	3,646,079	286,568	4,290,429	3,050,248	4,062,613
Advances written back	7,524	-	6,158,376	-	-
	11,166,287	5,377,208	15,857,823	9,996,686	4,179,517

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

23. Personnel expenses

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
23.1 Employee benefits expense					
Salaries and wages	1,870,537,604	1,948,293,218	5,560,265,689	5,580,162,432	7,288,311,723
Employee stock option expenses	1,358	(5,492,826)	1,112,201	8,700,124	10,790,828
Staff welfare and benefits	9,709,549	2,644,138	14,711,809	8,211,720	11,599,054
	1,880,248,511	1,945,444,530	5,576,089,699	5,597,074,276	7,310,701,605
23.2 Cost of technical professionals					
Technical professionals - Related parties	1,272,904,936	1,049,903,667	3,471,716,277	2,751,254,348	3,831,387,167
Technical professionals - Others	701,068,070	486,497,169	2,053,892,659	1,341,674,976	1,833,495,630
	1,973,973,006	1,536,400,836	5,525,608,936	4,092,929,324	5,664,882,797
	3,854,221,517	3,481,845,366	11,101,698,635	9,690,003,600	12,975,584,402

24. Other expenses

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Traveling and conveyance	103,125,811	131,326,642	355,311,649	447,849,425	598,718,371
Electricity expenses	2,038,061	1,103,157	4,441,307	25,639,058	26,559,209
Internet link expenses	2,480,583	968,693	5,523,049	13,666,366	15,479,621
Communication expenses	9,399,248	9,169,224	28,184,506	32,690,476	41,486,484
Recruitment expenses	10,923,230	3,685,716	38,319,145	39,337,103	42,160,706
Training and seminars	3,606,332	1,313,464	5,994,849	4,277,317	4,718,605
Royalty expenses	-	20,147,100	-	20,147,100	20,136,780
Purchase of software licenses and support expenses	69,779,043	43,754,211	212,202,531	83,953,924	178,115,532
Bad debts	742	109,387	1,311,909	109,387	5,011,060
Provision for doubtful debts/(Provision for doubtful debts written back)(net)	(3,163,743)	9,655,674	11,844,550	9,401,286	(2,071,170)
Rent	27,359,448	19,966,528	75,616,028	108,253,903	129,391,672
Insurance	468,909	594,718	2,136,599	1,390,045	2,279,535
Rates, fees and profession tax	(5,505,520)	11,745,880	4,377,565	14,731,097	25,160,440
Legal and professional fees	37,992,904	23,999,193	119,072,381	63,056,994	95,427,629
Repairs and maintenance					
-Plant and machinery	875,196	471,742	1,399,742	961,268	1,549,120
- Buildings	15,377	-	30,752	-	-
- Others	70	-	123,140	-	-
Commission on sales	8,525,581	77,463,030	34,819,362	79,470,303	133,674,054
Advertisement and sponsorship fees	10,720,457	11,560,813	33,976,957	45,072,783	55,596,767
Computer consumables	445,562	1,091,643	520,288	2,259,456	2,700,403
Auditors' remuneration	500,505	78,072	1,242,415	232,498	309,771
Donations	-	3,371,360	-	7,017,906	7,014,312
Books, memberships, subscriptions	13,345,134	11,205,916	34,740,678	37,060,758	49,309,539
Discount Allowed	13,093,253	16,934,048	37,615,271	41,502,232	78,342,443
Loss on sale of assets	-	74,481	-	74,481	74,443
Diminution loss on financial assets designated as at FVTPL	409,564,200	8,394,625	425,668,875	8,394,625	8,390,325
Hosting fees	-	3,078,862	-	9,122,694	11,889,005
Cost-revenue sharing	-	2,729,577	-	7,892,420	4,892,388
Impairment loss on investment	-	(8,363,638)	-	-	-
Miscellaneous expenses	14,215,893	13,032,027	48,323,015	37,079,138	65,903,195
	729,806,276	418,662,145	1,482,796,563	1,140,644,043	1,602,220,238

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

25. Earnings per share

Particulars		For the quarter ended		For the nine months ended		For the year ended
		December 31, 2017 (In ₹)	December 31, 2016 (In ₹)	December 31, 2017 (In ₹)	December 31, 2016 (In ₹)	March 31, 2017 (In ₹)
Basic earnings per share						
<u>Numerator</u>						
Net Profit / (loss) after tax (In ₹)	A	(76,882,440)	30,301,166	(79,391,268)	23,733,332	238,673,442
<u>Denominator</u>						
Weighted average number of equity share	B	402,000,000	349,173,913	402,000,000	301,163,636	327,013,699
Denominator for Diluted EPS						
Weighted average number of equity shares	C	402,000,000	353,086,957	402,000,000	302,472,727	327,013,699
Basic/diluted earnings per share (In ₹) (Face value of US \$ 0.10 each)	A / B	(0.19)	0.09	(0.20)	0.08	0.73
Diluted earnings per share (In ₹) (Face value of US \$ 0.10 each)	A / C	(0.19)	0.09	(0.20)	0.08	0.73

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

26. Contingent liability

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 30th December 2015 the Company, acquired the assets of US based Akumina, Inc. for an upfront consideration of USD 1.85 million. The asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years subject to a maximum amount of USD 5 million. The contingent consideration would be recorded, as 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/Period figures have been regrouped wherever necessary to conform with the Corresponding period's / previous year's classification.
