Persistent Systems Limited

CONDENSED BALANCE SHEET AS AT MARCH 31, 2018

	Notes	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
ASSETS			
Non-current assets			
Property, Plant and Equipment	5.1	2,323.88	2,501.10
Capital work-in-progress		7.32	28.85
Other Intangible assets	5.2	117.48	222.04
Intangible assets under development		7.44	-
		2,456.12	2,751.99
Financial assets			
- Investments	6	5,504.85	4,934.41
- Loans	7	945.81	439.76
-Other non current financial assets	8	37.43	915.13
Deferred tax assets (net)	9	31.68	-
Other non-current assets	10	64.00	62.59
		9,039.89	**9,103.88**
Current assets			
Financial assets			
- Investments	11	5,916.31	4,499.66
- Trade receivables	12	3,425.07	4,781.35
- Cash and cash equivalents	13	305.27	449.83
- Other bank balances	14	876.62	47.51
- Loans	15	4.47	7.45
- Other current financial assets	16	1,847.70	1,184.04
Other current assets	17	1,374.62	521.21
		13,750.06	**11,491.05**
TOTAL		**22,789.95**	**20,594.93**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4	800.00	800.00
Other equity		19,732.04	17,344.14
		20,532.04	**18,144.14**
LIABILITIES			
Non- current liabilities			
Financial liabilities			
- Borrowings	18	16.55	21.71
Provisions	19	143.37	139.46
Deferred tax liabilities (net)	9	-	110.75
		159.92	**271.92**
Current liabilities			
Financial liabilities			
- Trade payables [(dues of micro and small enterprises ₹ Nil (March 31, 2017: ₹ Nil)]	20	716.73	1,170.91
- Deferred payment liabilities		-	0.86
- Other financial liabilities	21	290.86	118.40
Other current liabilities	22	562.83	358.72
Provisions	23	428.03	524.27
Current tax liabilities (net)		99.54	5.71
		2,097.99	**2,178.87**
TOTAL		**22,789.95**	**20,594.93**
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 Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm registration no. 117366W/W-100018

Hemant M. Joshi
Partner
Membership no. 038019

Place:
Date : April 24, 2018

For and on behalf of the Board of Directors of
Persistent Systems Limited

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : April 24, 2018

Persistent Systems Limited

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2018

	Notes	For the quarter ended		For the year ended	
		March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Income					
Revenue from operations (net)	24	4,380.05	4,305.48	17,327.49	17,329.64
Other income	25	312.79	148.01	1,276.82	946.21
Total income (A)		**4,692.84**	**4,453.49**	**18,604.31**	**18,275.85**
Expenses					
Employee benefits expense	26.1	2,103.18	2,174.96	8,740.66	8,682.69
Cost of professionals	26.2	461.23	706.35	2,133.03	2,193.59
Finance costs		0.15	0.17	0.62	0.91
Depreciation and amortization expense	5.3	122.82	150.22	537.81	609.68
Other expenses	27	692.84	677.97	2,640.03	2,751.57
Total expenses (B)		**3,380.22**	**3,709.67**	**14,052.15**	**14,238.44**
Profit before tax (A - B)		**1,312.62**	**743.82**	**4,552.16**	**4,037.41**
Tax expense					
Current tax		298.62	204.51	1,175.90	1,086.80
Tax credit in respect of earlier years		-	(8.43)	(3.99)	(8.43)
Deferred tax charge / (credit)		(14.61)	9.75	(40.92)	18.72
Total tax expense		**284.01**	**205.83**	**1,130.99**	**1,097.09**
Net profit for the period / year (C)		**1,028.61**	**537.99**	**3,421.17**	**2,940.32**
Other comprehensive income					
Items that will not be reclassified to profit and loss (D)					
- Remeasurements of the defined benefit liabilities / (asset) (net of tax)		32.84	8.40	104.97	(41.40)
		32.84	**8.40**	**104.97**	**(41.40)**
Items that may be reclassified to profit and loss (E)					
- Effective portion of cash flow hedge (net of tax)		(60.11)	155.58	(191.81)	116.95
		(60.11)	**155.58**	**(191.81)**	**116.95**
Total other comprehensive income for the period / year (D) + (E)		**(27.27)**	**163.98**	**(86.84)**	**75.55**
Total comprehensive income for the period / year (C) + (D) + (E)		**1,001.34**	**701.97**	**3,334.33**	**3,015.87**
Earnings per equity share **[Nominal value of share ₹10 (Corresponding period/ previous year: ₹10)]**	28				
Basic (In ₹)		12.86	6.72	42.76	36.75
Diluted (In ₹)		12.86	6.72	42.76	36.75
Summary of significant accounting policies	3				

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

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Hemant M. Joshi
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Kiran Umrootkar
Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : April 24, 2018

Persistent Systems Limited
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

		For the year ended	
		March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Cash flow from operating activities			
Profit before tax		**4,552.16**	**4,037.41**
Adjustments for:			
Interest income		(191.60)	(155.06)
Finance cost		0.62	0.91
Dividend income		(259.73)	(188.98)
Depreciation and amortization expense		537.81	609.68
Amortization of lease premium		0.58	0.58
Unrealised exchange loss/ (gain) (net)		(177.50)	78.27
Exchange (gain) / loss on derivative contracts		76.73	(69.55)
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents		(111.75)	(1.35)
Donations in kind		0.16	0.29
Bad debts		157.62	88.05
Provision for doubtful debts (net)/ (Provision for doubtful debts written back) (net)		(146.42)	15.94
Employee stock compensation expenses		2.23	46.79
Remeasurements of the defined benefit liabilities / (asset)		146.57	(63.31)
Excess provision in respect of earlier years written back		-	(1.75)
Advances written back		(17.56)	-
(Gain) / loss on fair valuation of mutual funds		18.92	(190.61)
(Profit) on sale of investments (net)		(186.84)	(94.14)
(Profit) on sale of fixed assets (net)		(2.47)	(1.57)
Operating profit before working capital changes		**4,399.53**	**4,111.60**
Movements in working capital :			
(Increase)/ Decrease in non-current and current loans		0.70	(49.01)
(Increase)/ Decrease in other non current assets		(3.18)	4.58
(Increase)/ Decrease in other current financial assets		(156.58)	(60.82)
(Increase)/ Decrease in other current assets		(853.41)	(80.89)
(Increase)/ Decrease in trade receivables		1,477.87	(1,134.13)
Increase / (Decrease) in trade payables and current liabilities		(92.85)	86.36
Increase / (Decrease) in provisions		(92.33)	46.86
Operating profit after working capital changes		**4,679.75**	**2,924.55**
Direct taxes paid (net of refunds)		(1,119.68)	(979.36)
Net cash generated from / (used in) from operating activities	**(A)**	**3,560.07**	**1,945.19**
Cash flows from investing activities			
Payment towards capital expenditure (including intangible assets)		(232.81)	(436.37)
Proceeds from sale of fixed assets		2.94	1.92
Share application money paid		-	-
Investment in wholly owned subsidiaries		-	(611.11)
Purchase of bonds		(595.43)	(514.17)
Proceeds from sale of bonds		-	654.08
Investments in mutual funds		(15,502.22)	(10,788.85)
Proceeds from sale / maturity of mutual funds		14,290.26	10,472.41
Investments in bank deposits having original maturity over three months		(225.12)	(2.46)
Investments in Deposit with financial institutions		(595.35)	(135.00)
Maturity of bank deposits having original maturity over three months		42.26	-
Inter corporate deposits (made) / refunded		(429.37)	(329.12)
Interest received		124.91	87.79
Dividend received		259.73	188.98
Net cash generated from / (used in) investing activities	**(B)**	**(2,860.20)**	**(1,411.90)**
Cash flows from financing activities			
(Repayment of) long term borrowings		(4.58)	(4.57)
Dividend paid		(799.79)	(480.01)
Tax on dividend paid		(150.23)	(97.72)
Interest paid		(1.37)	(1.78)
Net cash generated from / (used in) financing activities	**(C)**	**(955.97)**	**(584.08)**

Persistent Systems Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

	For the year ended	
	March 31, 2018	**March 31, 2017**
	In ₹ Million	**In ₹ Million**
Net (decrease) / increase in cash and cash equivalents (A + B + C)	(256.10)	(50.79)
Cash and cash equivalents at the beginning of the year	451.03	500.47
Effect of exchange differences on translation of foreign currency cash and cash equivalents	111.75	1.35
Cash and cash equivalents at the end of the year	**306.68**	**451.03**
Components of cash and cash equivalents		
Cash on hand (Refer note 13)	0.11	0.08
Balances with banks		
On current accounts # (Refer note 13)	158.58	238.41
On saving accounts (Refer note 13)	0.75	0.24
On Exchange Earner's Foreign Currency accounts (Refer note 13)	145.83	211.10
On unpaid dividend accounts* (Refer note 14)	1.41	1.20
Cash and cash equivalents	**306.68**	**451.03**

Out of the cash and cash equivalent balance as at March 31, 2017, the Company could utilise ₹ 0.07 million only towards research and development activities specified in the loan agreement. There are no such restrictions for utilisation of the cash and cash equivalent balance as at March 31, 2018.

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

Summary of significant accounting policies - Refer note 3

The accompanying notes are 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 Limited

Hemant M. Joshi
Partner
Membership no. 038019

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place:
Date : April 24, 2018

Place: Pune
Date : April 24, 2018

Persistent Systems Limited

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity share capital

(Refer note 4)

(In ₹ Million)

Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
800.00	**-**	**800.00**

(In ₹ Million)

Balance as at April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
800.00	**-**	**800.00**

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Persistent Systems Limited

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus				Items of other comprehensive income	Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2017	1,336.70	7,827.60	187.12	7,784.28	208.44	17,344.14
Net profit for the year	-	-	-	3,421.17	-	3,421.17
Other comprehensive income for the year	-	-	-	104.97	(191.81)	(86.84)
Dividend	-	-	-	(800.00)	-	(800.00)
Tax on dividend	-	-	-	(150.23)	-	(150.23)
Transfer to general reserve	-	1,368.47	-	(1,368.47)	-	-
Employee stock compensation expenses	-	-	2.23	-	-	2.23
Employee stock compensation expenses of subsidiaries	-	-	1.57	-	-	1.57
Adjustments towards employees stock options	-	100.40	(100.40)	-	-	-
Balance at March 31, 2018	**1,336.70**	**9,296.47**	**90.52**	**8,991.72**	**16.63**	**19,732.04**

(In ₹ Million)

Particulars	Reserves and surplus				Items of other comprehensive income	Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2016	1,336.70	6,631.98	147.09	6,639.20	91.49	14,846.46
Net profit for the year	-	-	-	2,940.32	-	2,940.32
Other comprehensive income for the year	-	-	-	(41.40)	116.95	75.55
Dividend	-	-	-	(480.00)	-	(480.00)
Tax on dividend	-	-	-	(97.72)	-	(97.72)
Transfer to general reserve	-	1,176.12	-	(1,176.12)	-	-
Employee stock compensation expenses	-	-	46.79	-	-	46.79
Employee stock compensation expenses of subsidiaries		-	12.74	-	-	12.74
Adjustments towards employees stock options	-	19.50	(19.50)	-	-	-
Balance at March 31, 2017	**1,336.70**	**7,827.60**	**187.12**	**7,784.28**	**208.44**	**17,344.14**

Summary of significant accounting policies - Refer note 3

The accompanying notes are 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

Hemant M. Joshi
Partner
Membership no. 038019

Place:
Date : April 24, 2018

For and on behalf of the Board of Directors of
Persistent Systems Limited

Dr. Anand Deshpande
Chairman and
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Kiran Umrootkar
Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : April 24, 2018

Notes forming part of condensed financial statements

1. Nature of operations

Persistent Systems Limited (the “Company”) is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 (the “Act”). The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a global company specializing in software products, services and technology innovation. The Company offers complete product life cycle 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 and equity settled employee stock options which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services. The accounting policies are consistently applied by the Company during the period 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) Use of estimates

The preparation of the condensed 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 period. 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 India, though the Company also files tax returns in other overseas jurisdictions. 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.

(b) 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 Property, Plant and Equipment 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 period 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.

(c) 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.

(d) 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
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Plant and equipment (Solar Energy System)*	10 years
Furniture and fixtures*	5 years
Vehicles*	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.

Leasehold improvements are amortized over the period of lease or useful life, whichever is lower.

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.

(e) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

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

- **Forward exchange contracts not intended for trading or speculation purposes, classified as derivative financial instruments**

  As per the accounting principles laid down in Ind AS 109 – "Financial Instruments" relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss / (gain) is debited / (credited) to the hedge reserve under other comprehensive income and the ineffective portion is recognized to the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

  Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

  Hedge accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized under other comprehensive income under other comprehensive income is transferred to the statement of profit and loss when the forecasted transaction occurs or affects profit or loss or when a hedged transaction is no longer expected to occur.

  Derecognition

  The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

  On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to issue of financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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 – "Financial Instruments" 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.

  Derecognition

  The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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 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 fair value and its 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.

(f) 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.

(g) 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.

(h) 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 (service tax and value added taxes (VAT) up to June 30, 2017) 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. Dividend income is included under the head 'Other income' in the statement of profit and loss.

Ind AS 115- Revenue from Contract with Customers:

On March 28,2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The effective date for its adoption is financial period beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be immaterial.

(i) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

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

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

Exchange differences

Exchange differences arising on conversion / settlement of foreign currency monetary items and on foreign currency liabilities relating to Property, Plant and Equipment acquisition are recognized as income or expenses in the period in which they arise.

Translation of foreign operations

The Company presents the financial statements in INR which is the functional currency of the Company.

The assets and liabilities of a foreign operation are translated into the reporting currency (INR) at the exchange rate prevailing at the reporting date.

(j) 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 period / year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

(iii) Superannuation

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

(iv) Leave encashment

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

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.

(v) Long service awards

Long service awards are other long term benefits to all eligible employees, as per Company's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

(k) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

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

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

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

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

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

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

(l) Segment reporting

In accordance with para 4 of Notified Indian Accounting Standard 108 (Ind AS-108) "Operating Segments" the Company has disclosed segment information only on the basis of consolidated financial statements which are presented together with the unconsolidated financial statements.

(m) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period / year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Company.

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.

(n) 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.

(o) 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.

(p) 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.

(q) Employee stock compensation expenses

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

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

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

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

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4. Share capital

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Authorized shares (No. in million)		
200 (Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid-up shares (No. in million)		
80 (Previous year: 80) equity shares of ₹ 10 each	800.00	800.00
Issued, subscribed and fully paid-up share capital	**800.00**	**800.00**

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

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

(In Million)

	As at March 31, 2018		As at March 31, 2017	
	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the year	80.00	800.00	80.00	800.00
Add : Bonus shares issued	-	-	-	-
Number of shares at the end of the year	**80.00**	**800.00**	**80.00**	**800.00**

b) Terms / rights attached to equity shares

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

The Company declared an interim dividend of ₹ 7 per share on the face value of ₹ 10 each for the Financial Year 2017-18.

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

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

	For the period of five years ended March 31, 2018 No in Million	For the period of five years ended March 31, 2017 No in Million
Equity shares allotted on March 12, 2015 as fully paid bonus shares by capitalization of securities premium ₹ 400 million	40.00	40.00

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

Name of the shareholder*	As at March 31, 2018		As at March 31, 2017	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.93	28.66	22.93	28.66
Saif Advisors Mauritius Limited	3.70	4.62	4.27	5.33

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

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5.1 Property, Plant and Equipment

(In ₹ Million)

	Freehold land	Buildings*	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2017	206.92	2,366.57	1,565.38	52.09	1,358.96	21.12	500.10	4.73	6,075.87
Additions	-	20.40	156.27	2.44	45.74	-	11.77	-	236.62
Disposals	-	-	89.35	1.05	27.00	-	0.58	-	117.98
As at March 31, 2018	**206.92**	**2,386.97**	**1,632.30**	**53.48**	**1,377.70**	**21.12**	**511.29**	**4.73**	**6,194.51**
Depreciation and impairment									
As at April 1, 2017	-	772.59	1,290.21	44.84	1,018.03	12.67	432.22	4.21	3,574.77
Charge for the year	-	95.77	194.76	3.77	89.46	2.76	26.64	0.21	413.37
Disposals	-	-	89.35	0.94	26.64	-	0.58	-	117.51
As at March 31, 2018	**-**	**868.36**	**1,395.62**	**47.67**	**1,080.85**	**15.43**	**458.28**	**4.42**	**3,870.63**
Net block									
As at March 31, 2018	**206.92**	**1,518.61**	**236.68**	**5.81**	**296.85**	**5.69**	**53.01**	**0.31**	**2,323.88**
As at March 31, 2017	**206.92**	**1,593.98**	**275.17**	**7.25**	**340.93**	**8.45**	**67.88**	**0.52**	**2,501.10**

* Note: Building includes those constructed on leasehold land:

a) Gross block as on March 31, 2018 ₹ 1,454.10 million (Previous year ₹1,434.64 million)

b) Depreciation charge for the year ₹ 58.45 million (Previous year ₹ 58.15 million)

c) Accumulated depreciation as on March 31, 2018 ₹ 381.05 million (Previous year ₹ 322.60 million)

d) Net book value as on March 31, 2018 ₹ 1,073.05 million (Previous year ₹ 1,112.04 million)

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Persistent Systems Limited

Notes forming part of condensed financial statements

5.1 Property, Plant and Equipment

(In ₹ Million)

	Freehold land	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2016	206.92	2,362.89	1,449.07	49.78	1,342.65	20.23	502.10	4.73	5,938.37
Additions	-	3.73	165.31	2.39	22.17	0.89	16.71	-	211.20
Disposals	-	0.05	49.00	0.08	5.86	-	18.71	-	73.70
As at March 31, 2017	**206.92**	**2,366.57**	**1,565.38**	**52.09**	**1,358.96**	**21.12**	**500.10**	**4.73**	**6,075.87**
Depreciation and impairment									
As at April 1, 2016	-	677.22	1,111.96	40.00	909.76	9.13	414.38	4.00	3,166.45
Charge for the year	-	95.42	227.08	4.91	113.96	3.54	36.55	0.21	481.67
Disposals	-	0.05	48.83	0.07	5.69	-	18.71	-	73.35
As at March 31, 2017	**-**	**772.59**	**1,290.21**	**44.84**	**1,018.03**	**12.67**	**432.22**	**4.21**	**3,574.77**
Net block									
As at March 31, 2017	**206.92**	**1,593.98**	**275.17**	**7.25**	**340.93**	**8.45**	**67.88**	**0.52**	**2,501.10**
As at March 31, 2016	**206.92**	**1,685.67**	**337.11**	**9.78**	**432.89**	**11.10**	**87.72**	**0.73**	**2,771.92**

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5.2 Other Intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2017	641.04	261.74	902.78
Additions	19.88	-	19.88
As at March 31, 2018	**660.92**	**261.74**	**922.66**
Amortization			
As at April 1, 2017	431.42	249.32	680.74
Charge for the year	112.02	12.42	124.44
As at March 31, 2018	**543.44**	**261.74**	**805.18**
Net block			
As at March 31, 2018	**117.48**	**-**	**117.48**
As at March 31, 2017	**209.62**	**12.42**	**222.04**

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2016	1,238.07	232.54	1,470.61
Additions	171.97	29.20	201.17
Disposals*	769.00	-	769.00
As at March 31, 2017	**641.04**	**261.74**	**902.78**
Amortization			
As at April 1, 2016	1,089.19	232.54	1,321.73
Charge for the year	111.23	16.78	128.01
Disposals*	769.00	-	769.00
As at March 31, 2017	**431.42**	**249.32**	**680.74**
Net block			
As at March 31, 2017	**209.62**	**12.42**	**222.04**
As at March 31, 2016	**148.88**	**-**	**148.88**

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

5.3 Depreciation and amortization

(In ₹ Million)

	For the quarter ended		For the year ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
On Property, Plant and Equipment	99.15	114.38	413.37	481.67
On other intangible assets	23.67	35.84	124.44	128.01
	122.82	**150.22**	**537.81**	**609.68**

6. Non-current financial assets : Investments

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Investments carried at cost		
Unquoted investments		
Investments in equity instruments		
- In wholly owned subsidiary companies		
Persistent Systems, Inc. (Refer note 31)		
402 million (Previous year :402 million) shares of USD 0.10 each, fully paid up	2,478.01	2,478.01
	2,478.01	**2,478.01**
Persistent Systems Pte Ltd.		
0.50 million (Previous year:0.5 million) shares of SGD 1 each, fully paid up	15.50	15.50
	15.50	**15.50**
Persistent Systems France SAS		
1.50 million (Previous year: 1.50 million) shares of EUR 1 each, fully paid up	97.47	97.47
	97.47	**97.47**
Persistent Systems Malaysia Sdn. Bhd.		
5.45 million (Previous year: 5.45 million) shares of MYR 1 each, fully paid up	102.25	102.25
	102.25	**102.25**
Persistent Systems Germany GmbH		
0.025 million (Previous year: 0.025) shares of EUR 1 each, fully paid up	2.02	2.02
	2.02	**2.02**
-In associates		
Klisma eService Private Limited [Holding 50% (Previous year 50%)]		
0.005 million (Previous year : 0.005 million) shares of ₹ 10 each, fully paid up	0.05	0.05
Less : Impairment	(0.05)	(0.05)
	-	-
Total investments carried at cost (A)	**2,695.25**	**2,695.25**
Investments carried at amortised cost		
Quoted Investments		
In bonds	1,112.47	517.04
[Market value ₹ 1,139.71 million (Previous year ₹ 543.07 million)]		
Add: Interest accrued on bonds	33.64	21.85
Total investments carried at amortised cost (B)	**1,146.11**	**538.89**
Designated as fair value through profit and loss		
Quoted Investments		
- Investments in mutual funds		
Fair value of long term mutual funds (Refer Note 6a)	1,657.49	1,824.64
Less: Fair value of current portion of long term mutual funds (Refer Note 6b & 11)	-	(130.37)
	1,657.49	**1,694.27**
Unquoted Investments		
-Others*		
Altizon Systems Private Limited		
3,766 equity shares (Previous year :3,766 equity shares) of ₹ 10 each, fully paid up	6.00	6.00
	6.00	**6.00**
Total investments carried at fair value (C)	**1,663.49**	**1,700.27**
Total investments (A) + (B) + (C)	**5,504.85**	**4,934.41**
Aggregate provision for diminution in value of investments	0.05	0.05
Aggregate amount of quoted investments	2,803.60	2,233.16
Aggregate amount of unquoted investments	2,701.30	2,701.30

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

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
IDFC Mutual Fund	108.80	210.24
ICICI Prudential Mutual Fund	664.16	568.17
Birla Sun Life Mutual Fund	157.98	100.54
SBI Mutual Fund	177.65	545.68
HDFC Mutual Fund	191.64	151.07
UTI Mutual Fund	89.43	55.31
Reliance Mutual Fund	53.81	50.38
Kotak Mutual Fund	214.02	143.25
	1,657.49	**1,824.64**

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

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
SBI Mutual Fund	-	130.37
	-	**130.37**

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7. Non-current financial assets : Loans

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Carried at amortised cost		
Loan to related parties		
Unsecured, considered good (Refer note 30)		
- Persistent Systems, Inc.	130.34	317.76
- Persistent Systems Germany GmbH	686.84	-
Add: Interest accrued but not due on loan	13.35	7.01
	830.53	**324.77**
Security deposit		
Unsecured, considered good	115.28	114.81
Unsecured, considered doubtful	2.19	2.19
	117.47	117.00
Less: Impairment	(2.19)	(2.19)
	115.28	**114.81**
Other loans and advances		
Inter corporate deposits		
Unsecured, considered good	-	0.18
Unsecured, considered doubtful	0.58	0.58
	0.58	0.76
Less: Impairment	(0.58)	(0.58)
	-	**0.18**
	945.81	**439.76**

8. Other non-current financial assets

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Non-current bank balances (Refer note 14)	1.53	521.90
Add: Interest accrued but not due on non-current bank deposits	0.21	89.11
Non-current deposits with banks (Carried at amortised cost)	**1.74**	**611.01**
Deposit with financial institutions	35.00	300.00
Add: Interest accrued but not due on deposit with financial institutions	0.69	4.12
Non-current deposits with financial institutions (Carried at amortised cost)	**35.69**	**304.12**
	37.43	**915.13**

9. Deferred tax assets (net)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Deferred tax liabilities		
Differences in book values and tax base values of block of Property, Plant and Equipment and other intangible assets	63.50	111.63
Capital gains (net)	117.36	90.69
Others	8.80	110.31
	189.66	**312.63**
Deferred tax assets		
Provision for leave encashment	54.35	63.35
Provision for long service awards	57.34	55.71
Provision for doubtful debts	27.75	77.38
Tax Credit	73.17	-
Others	8.73	5.44
	221.34	**201.88**
Deferred tax (liability) / assets (net)	**31.68**	**(110.75)**

10. Other non current assets

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Capital advances (Unsecured, considered good)	-	1.77
Advances recoverable in cash or kind or for value to be received	64.00	60.82
	64.00	**62.59**

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11. Current financial assets : Investments

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Designated as fair value through profit and loss		
- Quoted investments		
Investments in mutual funds		
Fair value of current mutual funds (Refer Note 11a)	5,916.31	4,369.29
Add: Fair value of current portion of long term mutual funds (Refer Note 6b)	-	130.37
	5,916.31	**4,499.66**
Total carrying amount of investments	**5,916.31**	**4,499.66**
Aggregate amount of quoted investments	**5,916.31**	**4,499.66**
Aggregate amount of unquoted investments	**-**	**-**

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

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
DSP Mutual Fund	50.39	-
IDFC Mutual Fund	349.34	344.35
HDFC Mutual Fund	174.66	493.41
ICICI Prudential Mutual Fund	275.33	210.66
Birla Sun Life Mutual Fund	845.88	474.22
Tata Mutual Fund	817.81	585.51
Reliance Mutual Fund	190.45	518.25
SBI Mutual Fund	50.24	-
Kotak Mutual Fund	300.42	197.64
Sundaram BNP Paribas Mutual Fund	104.15	-
UTI Mutual Fund	823.08	274.48
L&T Mutual Fund	749.22	463.10
DHFL Pramerica Mutual Fund (formerly known as DWS Mutual Fund)	441.64	357.48
Axis Mutual Fund	743.70	450.19
	5,916.31	**4,369.29**

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12. Trade receivables

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	14.52	11.94
Unsecured, considered doubtful	80.20	223.59
	94.72	**235.53**
Less : Allowance for credit loss	(80.20)	(223.59)
	14.52	**11.94**
Others		
Unsecured, considered good (Refer note 30)	3,410.55	4,769.41
Unsecured, considered doubtful	-	-
	3,410.55	**4,769.41**
Less : Allowance for credit loss	**-**	-
	3,410.55	**4,769.41**
	3,425.07	**4,781.35**

13. Cash and cash equivalents

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Cash and cash equivalents as presented in cash flow statement		
Cash on hand	0.11	0.08
Balances with banks		
On current accounts *	158.58	238.41
On saving accounts	0.75	0.24
On Exchange Earner's Foreign Currency accounts	145.83	211.10
	305.27	**449.83**

* Out of the cash and cash equivalent balance as at March 31, 2017, the Company could utilise ₹ 0.07 million only towards research and development activities specified in the loan agreement. There are no such restrictions for utilisation of the cash and cash equivalent balance as at March 31, 2018.

14. Other bank balances

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
On deposit account with original maturity for more than twelve months*	747.03	564.18
Add: Interest accrued but not due on deposits with banks	129.92	93.14
Deposits with banks (Carried at amortised cost)	**876.95**	**657.32**
Less: Deposit with maturity more than twelve months from the Balance Sheet date disclosed under non-current financial assets (Refer note 8)	(1.53)	(521.90)
Less: Interest accrued but not due on non-current deposits with banks (Refer note 8)	(0.21)	(89.11)
	875.21	**46.31**
Balances with banks On unpaid dividend accounts**	1.41	1.20
	876.62	**47.51**

* Out of the balance, fixed deposits of ₹ 63.78 million (Previous year ₹ 59.36 million) have been earmarked against bank guarantees availed by the Company.

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

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15. Current financial assets : Loans

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Carried at amortised cost		
Loan to related parties		
Unsecured, considered doubtful		
- Klisma e-Services Private Limited	27.43	27.43
	27.43	27.43
Less: Impairment	(27.43)	(27.43)
	-	-
Security deposits		
Unsecured, considered good	4.47	7.45
	4.47	**7.45**
	4.47	**7.45**

16. Other current financial assets

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Fair value of derivatives designated and effective as hedging instruments		
Forward contracts receivable	42.75	412.80
Advances to related parties (Unsecured, considered good)		
Persistent Systems, Inc.	67.27	43.85
Persistent Systems Pte Ltd.	0.15	-
Persistent Systems France SAS	3.34	1.70
Persistent Systems Malaysia Sdn. Bhd.	0.29	0.17
Persistent Systems Lanka (Private) Limited	1.95	0.64
Aepona Limited	-	0.98
Persistent Systems Israel Ltd.	0.03	-
Persistent Systems Mexico, S.A. de C.V	0.40	1.92
Akshat Corporation	0.05	0.10
Persistent Systems Germany GmbH	-	0.51
	73.48	**49.87**
Advances to related parties (Unsecured, considered doubtful)		
Klisma e-Services Private Limited	0.81	0.81
Less: Impairment of current financial assets	(0.81)	(0.81)
	-	-
Deposit with financial institutions	995.35	135.00
Add: Interest accrued but not due on deposit with financial institutions	20.65	5.44
Current deposits with financial institutions (Carried at amortised cost)	**1,016.00**	**140.44**
Unbilled revenue	715.47	580.93
	1,847.70	**1,184.04**

17. Other current assets

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Advances to suppliers (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	360.47	345.28
Other advances (Unsecured, considered good)		
VAT receivable (net)	47.09	53.67
Service tax and GST receivable (net) (Refer note 31)	967.06	122.26
	1,014.15	**175.93**
	1,374.62	**521.21**

18. Non-current financial liabilities : Borrowings

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Unsecured Borrowings carried at amortised cost		
Term loans		
Indian rupee loan from others	21.13	25.71
Interest accrued but not due on term loans	0.78	1.53
	21.91	**27.24**
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (Refer note 21)	(4.58)	(4.58)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (Refer note 21)	(0.78)	(0.95)
	(5.36)	**(5.53)**
	16.55	**21.71**

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

Loan I - amounting to ₹ 8.19 million (Previous year ₹ 10.92 million) with interest payable @ 2% per annum guaranteed by a bank guarantee by the Company and repayable in ten equal semi annual installments over a period of five years commencing from March 2016.

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

19. Non current liabilities : Provisions

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Provision for employee benefits		
- Long service awards	143.37	139.46
	143.37	**139.46**

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20. Trade payables

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Trade payables for goods and services (Refer note 30)	716.73	1,170.91
	716.73	**1,170.91**

21. Other current financial liabilities

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Capital creditors	32.36	23.97
Current maturity of long term-borrowings (Refer note 18)	4.58	4.58
Current maturity of interest on long-term borrowings (Refer note18)	0.78	0.95
Accrued employee liabilities	71.42	65.90
Unpaid dividend *	1.41	1.20
Other liabilities	0.18	1.50
Advance from related parties (Unsecured, considered good)		
Aepona Limited	0.44	-
Persistent Systems Pte Ltd	-	0.11
Persistent Systems Israel Ltd.	-	0.01
Persistent Telecom Solutions Inc.	179.69	20.18
	180.13	**20.30**
	290.86	**118.40**

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

22. Other current liabilities

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Unearned revenue	137.56	99.73
Advance from customers	241.10	125.57
Other payables		
- Statutory liabilities	181.13	130.61
- Other liabilities	3.04	2.81
	562.83	**358.72**

23. Current liabilities : Provisions

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Provision for employee benefits		
- Gratuity	(45.92)	7.92
- Leave encashment	157.04	183.06
- Long service awards	22.31	21.50
- Other employee benefits	294.60	311.79
	428.03	**524.27**

24. Revenue from operations (net)

	For the quarter ended		For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Software services (Refer note 30)	4,313.60	4,266.44	17,065.63	17,201.52
Software licenses	66.45	39.04	261.86	128.12
	4,380.05	**4,305.48**	**17,327.49**	**17,329.64**

25. Other income

	For the quarter ended		For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Interest income				
On financial assets carried at amortised cost	12.01	16.04	47.12	52.78
On others	44.88	24.39	144.48	102.28
Foreign exchange gain (net)	121.07	(2.34)	596.02	276.82
Profit on sale of fixed assets (net)	0.53	0.84	2.47	1.57
Dividend income from investments	68.44	39.53	259.73	188.98
Profit on sale of investments (net)	12.24	55.56	186.84	94.14
Net gain/(loss) arising on financial assets designated as at FVTPL	53.62	(10.58)	(18.92)	190.61
Excess provision in respect of earlier periods/ years written back	-	-	-	1.75
Advances written back	-	-	17.56	-
Miscellaneous income	-	24.57	41.52	37.28
	312.79	**148.01**	**1,276.82**	**946.21**

26. Personnel expenses

	For the quarter ended		For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
26.1 Employee benefits expense				
Salaries, wages and bonus	1,880.82	1,961.38	7,863.97	7,867.28
Contribution to provident and other funds	76.62	74.04	304.60	284.56
Gratuity expenses	37.47	28.63	163.94	104.61
Defined contribution to other funds	10.12	10.49	41.26	42.56
Staff welfare and benefits	98.15	91.98	364.66	336.89
Employee stock compensation expenses	-	8.44	2.23	46.79
	2,103.18	**2,174.96**	**8,740.66**	**8,682.69**
26.2 Cost of professionals				
- Related parties (Refer note 30)	392.51	657.53	1,894.75	1,993.21
- Others	68.72	48.82	238.28	200.38
	461.23	**706.35**	**2,133.03**	**2,193.59**
	2,564.41	**2,881.31**	**10,873.69**	**10,876.28**

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27. Other expenses

	For the quarter ended		For the year ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	83.55	106.63	321.25	379.11
Electricity expenses (net)	20.01	24.31	85.54	96.49
Internet link expenses	12.86	12.21	46.24	45.22
Communication expenses	16.03	21.40	75.90	66.75
Recruitment expenses	3.31	5.78	27.11	28.47
Training and seminars	5.28	2.53	11.52	9.12
Purchase of software licenses and support expenses	131.09	99.59	484.07	409.09
Bad debts	121.65	24.78	157.62	88.05
Provision for doubtful debts/ (provision for doubtful debts written back) (net)	(116.65)	(32.70)	(146.42)	15.94
Rent	60.49	57.98	242.75	215.28
Insurance	4.22	4.32	18.01	19.99
Rates and taxes	5.80	6.50	77.78	28.97
Legal and professional fees	62.52	53.98	207.86	192.71
Repairs and maintenance				
- Plant and Machinery	27.20	23.58	104.73	98.04
- Buildings	8.03	5.68	26.28	18.85
- Others	5.20	4.38	20.09	17.99
Commission on sales (Refer note 30)	145.16	182.33	614.69	729.24
Advertisement, conference and sponsorship fees	4.80	6.35	14.71	49.43
Computer consumables	1.71	1.90	5.63	5.13
Auditors' remuneration	1.77	1.94	8.07	6.56
Donations	21.71	20.92	78.02	72.74
Books, memberships, subscriptions	3.74	2.26	14.77	9.09
Directors' sitting fees	0.98	0.63	3.90	2.88
Directors' commission	2.97	2.80	9.74	11.20
Miscellaneous expenses	59.41	37.89	130.17	135.23
	692.84	**677.97**	**2,640.03**	**2,751.57**

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Persistent Systems Limited

Notes forming part of condensed financial statements

28. Earnings per share

		For the quarter ended		For the year ended	
		March 31, 2018	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**
Numerator for Basic and Diluted EPS					
Net Profit after tax (In ₹ Million)	(A)	1,028.61	537.99	3,421.17	2,940.32
Denominator for Basic EPS					
Weighted average number of equity shares	(B)	80,000,000	80,000,000	80,000,000	80,000,000
Denominator for Diluted EPS					
Number of equity shares	(C)	80,000,000	80,000,000	80,000,000	80,000,000
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	**12.86**	**6.72**	**42.76**	**36.75**
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	**12.86**	**6.72**	**42.76**	**36.75**

	For the quarter ended		For the year ended	
	March 31, 2018	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**
Number of shares considered as basic weighted average shares outstanding	80,000,000	80,000,000	80,000,000	80,000,000
Add: Effect of dilutive issues of stock options	-	-	-	-
Number of shares considered as weighted average shares and potential shares outstanding	**80,000,000**	**80,000,000**	**80,000,000**	**80,000,000**

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29. Financial assets and liabilities

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

(In ₹ million)

Financial assets/ financial liabilities	Basis of measurement	As at March 31, 2018		As at March 31, 2017		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	
Assets:						
Investments in subsidiaries and associates	Cost	2,695.25	2,695.25	2,695.25	2,695.25	
Investments in other equity instruments	Fair value	6.00	6.00	6.00	6.00	Level 3
Investments in bonds*	Amortised cost	1,146.11	1,139.71	538.89	543.07	
Investments in mutual funds	Fair value	7,573.80	7,573.80	6,193.93	6,193.93	Level 1
Loans	Amortised cost	950.28	950.28	447.21	447.21	
Deposit with banks and financial institutions	Amortised cost	1,928.64	1,928.64	1,101.88	1,101.88	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	306.68	306.68	451.03	451.03	
Trade receivables	Amortised cost	3,425.07	3,425.07	4,781.35	4,781.35	
Forward contracts	Fair value	42.75	42.75	412.80	412.80	Level 2
Unbilled revenue	Amortised cost	715.47	715.47	580.93	580.93	
Other current financial assets	Amortised cost	73.48	73.48	49.87	49.87	
Total		**18,863.53**	**18,857.13**	**17,259.14**	**17,263.32**	
Liabilities:						
Borrowings (including accrued interest)	Amortised cost	21.91	21.91	27.24	27.24	
Trade payables and deferred payment liabilities	Amortised cost	716.73	716.73	1,171.77	1,171.77	
Other financial liabilities (excluding borrowings)	Amortised cost	285.50	285.50	112.87	112.87	
Total		**1,024.14**	**1,024.14**	**1,311.88**	**1,311.88**	

* Fair value includes interest accrued

Fair value hierarchy:

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

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

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

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

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30. (i) Significant related party transactions

(In ₹ Million)

	Name of the related party and nature of relationship	For the quarter ended		For the year ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Sale of software services	**Subsidiaries**				
	Persistent Systems, Inc.	1,156.12	937.54	4,199.30	3,512.53
	Total	**1,156.12**	**937.54**	**4,199.30**	**3,512.53**
Cost of professionals (excluding reimbursement of expenses)	**Subsidiaries**				
	Persistent Systems, Inc.	314.67	408.56	1,595.82	1,612.91
	Total	**314.67**	**408.56**	**1,595.82**	**1,612.91**
Reimbursement of expenses	**Subsidiaries**				
	Persistent Systems, Inc.	-	137.65	15.48	137.65
	Total	**-**	**137.65**	**15.48**	**137.65**
Purchase of Software	**Subsidiaries**				
	Persistent Systems, Inc.	7.22	0.10	8.28	1.78
	Total	**7.22**	**0.10**	**8.28**	**1.78**
Commission on sales	**Subsidiaries**				
	Persistent Systems, Inc.	144.06	182.33	604.01	729.24
	Total	**144.06**	**182.33**	**604.01**	**729.24**
Commission received on corporate guarantee	**Subsidiaries**				
	Persistent Systems, Inc.	1.68	0.07	1.85	0.14
	Total	**1.68**	**0.07**	**1.85**	**0.14**
Travelling and conveyance	**Subsidiaries**				
	Persistent Systems, Inc.	0.52	3.06	2.66	10.72
	Total	**0.52**	**3.06**	**2.66**	**10.72**
Intercorporate deposits given during the year ##	**Subsidiaries**				
	Persistent Systems, Inc.	-	-	-	329.23
	Total	**-**	**-**	**-**	**329.23**
Repayment of intercorporate deposits##	**Subsidiaries**				
	Persistent Systems, Inc.	187.90	-	187.90	-
	Total	**187.90**	**-**	**187.90**	**-**
Interest income	**Subsidiaries**				
	Persistent Systems, Inc.	3.92	4.12	17.24	10.75
	Total	**3.92**	**4.12**	**17.24**	**10.75**
Commission income	**Subsidiaries**				
	Persistent Systems, Inc.	-	9.98	-	9.98
	Total	**-**	**9.98**	**-**	**9.98**
Investment in equity shares ##	**Subsidiaries**				
	Persistent Systems, Inc.	-	-	-	609.09
	Total	**-**	**-**	**-**	**609.09**

These transactions are disclosed at the exchange rates prevailing on the date of transaction.

(ii) Significant outstanding balances

(In ₹ Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2018	March 31, 2017
Trade receivables	**Subsidiaries**		
	Persistent Systems, Inc.	877.07	1,852.71
	Total	**877.07**	**1,852.71**
Trade payables	**Subsidiaries**		
	Persistent Systems, Inc.	286.94	724.69
	Total	**286.94**	**724.69**
Loans and advances given	**Subsidiary**		
	Persistent Systems, Inc.	67.27	43.85
	Total	**67.27**	**43.85**
Investments	**Subsidiaries**		
	Persistent Systems, Inc.	2,478.01	2,478.01
	Total	**2,478.01**	**2,478.01**
Loans given	**Subsidiary**		
	Persistent Systems, Inc.	130.34	317.76
	Total	**130.34**	**317.76**
Interest accrued on loan given	**Subsidiary**		
	Persistent Systems, Inc.	13.35	7.01
	Total	**13.35**	**7.01**

(iv) Guarantee given on behalf of subsidiary

Persistent Systems Ltd has given a guarantee of $ 15,170,000 on behalf of Persistent Systems Inc..

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31. Persistent Systems Limited ("the Company") had received a show cause notice from the Commissioner of Service Tax on December 19, 2016 for non-payment of service tax of ₹ 452.15 million under import of services on reverse charge basis, excluding interest and penalty, if applicable. The issue relates to the professional and technical services rendered by overseas subsidiaries on behalf of the Company to its overseas customers for the period 2011-12 to 2014-15. Post representations made by the Company, the Learned Principal Commissioner of Service Tax, Pune, adjudicated the aforesaid show-cause notice and issued an order on May 29, 2017, reducing the demand to ₹ 165.51 million based on the period of limitation and as a result of that, the said demand now covers financial year 2014-15. The Company believes that since the said services rendered by the overseas subsidiaries have been performed outside India, the same do not fall under import of services and accordingly, the Company has filed an appeal before the appellate authorities. The Company has obtained an independent legal opinion in respect of the above matter, and believes that the liability is not likely to arise and therefore, no provision is considered necessary in the financial statements.

The GST department has filed an appeal on October 11, 2017 with appellate authorities against the Order passed by Learned Principal Commissioner of Service Tax, Pune. Though the GST department has acknowledged the ground of revenue neutrality, the said appeal mainly questions non-application of extended period of limitation. The Company has filed reply to this appeal on December 18, 2017.

Considering the view of the Service Tax Authorities, based on legal advice, and due prudence, the Company has deposited, an amount of ₹ 647.36 million towards service tax in respect of the above matter, for the period from April 01, 2014 to June 30, 2017, under protest. The Company has utilized the credit amounting to ₹ 532.42 million against the tax liability.

32. The financial statements are presented in ₹ million and decimal thereof except for per share information or as otherwise stated.

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

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