Persistent Systems Inc.

CONDENSED BALANCE SHEET AS AT JUNE 30, 2019

	Note	As at June 30, 2019 (In ₹ million)	As at June 30, 2018 (In ₹ million)	As at March 31, 2019 (In ₹ million)
ASSETS				
Non-current assets				
Property, plant and equipment	5.1	76.26	112.01	80.23
Other Intangible assets	5.2	1,030.34	1,659.04	1,101.18
Right-of-use Asset	5.3	187.69	-	-
Intangible assets under development		17.25	44.51	96.74
		1,311.54	1,815.56	1,278.15
Financial assets				
- Investments	6	218.56	781.81	365.15
- Loans	7	26.64	62.21	28.27
Deferred tax assets (net)	14	167.29	87.84	82.70
Other non-current assets	8	5.25	45.32	6.43
	(A)	**1,729.28**	**2,792.74**	**1,760.70**
Current assets				
Financial assets				
- Trade receivables	9	3,125.93	3,034.82	3,315.33
- Cash and cash equivalents	10	624.46	327.30	816.09
- Loans	11	77.27	68.00	73.01
- Other current financial assets	12	1,040.49	1,245.27	923.62
Current tax assets (net)		104.47	123.12	104.68
Other current assets	13	106.21	83.42	144.09
	(B)	**5,078.83**	**4,881.93**	**5,376.82**
TOTAL	**(A) + (B)**	**6,808.11**	**7,674.67**	**7,137.52**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	2,478.01	2,478.01	2,478.01
Other equity		371.33	711.21	761.73
	(A)	**2,849.34**	**3,189.22**	**3,239.74**
LIABILITIES				
Non- current liabilities				
Other long term financial liabilities	15	127.06	-	-
	(B)	**127.06**	**-**	**-**
Current liabilities				
Financial liabilities				
- Trade payables	16	2,241.50	2,615.97	2,264.87
- Other financial liabilities	17	600.27	383.40	357.23
Other current liabilities	18	512.19	843.74	459.98
Provisions	19	477.75	642.34	815.70
	(C)	**3,831.71**	**4,485.45**	**3,897.78**
TOTAL	**(A)+(B)+(C)**	**6,808.11**	**7,674.67**	**7,137.52**
Summary of significant accounting policies	3			

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

As per our report of even date

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

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

Hemant M. Joshi
Partner

Place: Pune
Date : July 23, 2019

Dr. Anand Deshpande
Director

Place: Pune
Date : July 23, 2019

Thomas Klein
Director & Secretary

Place: Pune
Date : July 23, 2019

Persistent Systems Inc.

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER JUNE 30, 2019

	Note	For the quarter ended June 30, 2019 (In ₹ million)	For the quarter ended June 30, 2018 (In ₹ million)	For the year ended March 31, 2019 (In ₹ million)
Income				
Revenue from operations (net)	20	5,010.41	4,506.75	19,727.60
Other income	21	3.61	6.33	26.78
Total Income (A)		**5,014.02**	**4,513.08**	**19,754.38**
Expenses				
Employee benefits expense	22.1	1,818.24	1,754.95	7,307.34
Cost of technical professionals	22.2	2,567.10	2,112.51	9,387.86
Finance cost (refer note 27)		3.56	1.05	1.76
Depreciation and amortization expense	5.4	201.04	216.18	847.05
Other expenses	23	798.49	580.64	2,297.52
Total expenses (B)		**5,388.43**	**4,665.33**	**19,841.53**
Profit/(Loss) before extraordinary items and tax		**(374.41)**	**(152.25)**	**(87.15)**
Extraordinary Items		-	-	-
Profit/(Loss) before tax (A - B)		**(374.41)**	**(152.25)**	**(87.15)**
Tax expense				
Current tax		2.04	1.89	45.32
Tax charge in respect of earlier years		-	-	(1.86)
Deferred tax (credit)/charge		(1.65)	33.58	44.15
Total tax expense		**0.39**	**35.47**	**87.61**
Net Profit/(Loss) for the quarter / year (C)		**(374.80)**	**(187.72)**	**(174.76)**
Other comprehensive income				
Items that will be reclassified to profit or loss (E)				
- Exchange differences on translating the financial statements		(2.84)	158.93	196.49
		(2.84)	**158.93**	**196.49**
Total comprehensive income for the quarter / year (C) + (D) + (E)		**(377.64)**	**(28.79)**	**21.73**
Earnings per equity share [nominal value of Share $ 0.10] (Previous Quarter/year $0.10)	24			
Basic (In ₹)		(0.93)	(0.47)	(0.43)
Diluted (In ₹)		(0.93)	(0.47)	(0.43)
Summary of significant accounting policies	3			

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

As per our report of even date

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

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

Hemant M. Joshi
Partner

Dr. Anand Deshpande
Director

Thomas Klein
Director & Secretary

Place: Pune
Date : July 23, 2019

Place: Pune
Date : July 23, 2019

Place: Pune
Date : July 23, 2019

CASH FLOW STATEMENT FOR THE QUARTER ENDED JUNE 30, 2019

(In ₹ million)

Particulars		For the quarter ended		For the year ended
		June 30, 2019	June 30, 2018	March 31, 2019
Cash flow from operating activities				
Profit before tax		**(374.41)**	**(152.25)**	**(87.15)**
Adjustments for:				
Exchange differences in translating the financial statements		0.76	179.68	6.26
Interest income		(4.15)	(1.89)	(9.60)
(Profit) /Loss on sale of fixed assets		-	-	(0.38)
Depreciation		201.04	216.18	847.05
Finance cost		3.56	1.05	1.76
Impairment loss on financial assets carried at amortized cost (net)		-	-	232.37
Provision for diminution in value of Investment		-	205.54	322.80
Loss on dissolution of subsidiary		144.39	-	188.60
Discount to customers		12.21	13.06	65.73
Bad debts written off		-	-	26.07
Advances written off		13.08	-	-
Provision for doubtful debts (net)		-	13.11	5.33
Operating profit before working capital changes		**(3.52)**	**474.48**	**1,598.84**
Movements in working capital :				
(Increase)/decrease in non current and current loans		4.50	-	-
(Increase)/decrease in trade receivable		177.19	(60.49)	(352.49)
(Increase)/decrease in other current assets		37.88	(9.43)	(24.79)
(Increase)/decrease in other non current assets		1.18	-	(6.43)
(Increase)/decrease in other current financial assets		(116.87)	(484.19)	17.32
(Increase)/decrease in loans and advances		(5.36)	-	-
Increase/(decrease) in trade payables and current liabilities		(36.45)	451.29	(315.24)
Increase/(decrease) in other non current liabilities		(42.30)	-	-
Increase/(decrease) in other financial liabilities		165.28	-	-
Increase/(decrease) in other current liabilities		52.21	-	-
Increase/(decrease) in provisions		(337.95)	(209.24)	(37.94)
Operating profit after working capital changes		**(104.21)**	**162.42**	**879.27**
Direct taxes paid (net of refunds)		(1.83)	(0.97)	(36.20)
Net cash flow generated from operating activities	**A**	**(106.04)**	**161.45**	**843.07**
Cash flows from investing activities				
Additions to Fixed Assets (including Intangible assets)		(84.75)	(154.46)	(247.56)
Intercorporate deposit placed		-	(0.53)	(89.24)
Intercorporate deposit returned		-	101.18	207.51
Investment in other companies		-	-	(284.53)
Investments made in Preferred Stocks		-	(136.94)	-
Interest received		2.38	2.69	8.71
Net cash flow generated from investing activities	**B**	**(82.37)**	**(188.06)**	**(405.11)**
Cash flows from financing activities				
Proceeds from / (Repayment of) borrowings		-	(130.34)	(130.34)
Payment of Interest		(3.56)	(1.05)	(1.76)
Net cash flow generated from financing activities	**C**	**(3.56)**	**(131.39)**	**(132.10)**
Net increase / (decrease) in cash and cash equivalents (A + B + C)		**(191.97)**	**(158.00)**	**305.86**
Cash and cash equivalent transferred from Akshat Corp. on dissolution		**-**	**-**	**24.92**
Cash and cash equivalent transferred from Herald Tech. on dissolution		**0.34**	**-**	**-**
Cash and cash equivalents at the beginning of the period		**816.09**	**485.30**	**485.31**
Cash and cash equivalents at the end of the period (Refer Note 10)		**624.46**	**327.30**	**816.09**
Components of cash and cash equivalents as at		**June 30, 2019**	**June 30, 2018**	**March 31, 2019**
Cash on hand		0.01	0.01	0.01
Bank Balances with Banks		624.45	327.29	816.08
Cash and cash equivalents		**624.46**	**327.30**	**816.09**
(Refer Note 10)				
Summary of significant accounting policies	3			

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

As per our report of even date

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

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

Hemant M. Joshi
Partner

Dr. Anand Deshpande
Director

Thomas Klein
Director & Secretary

Place: Pune
Date : July 23, 2019

Place: Pune
Date : July 23, 2019

Place: Pune
Date : July 23, 2019

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED JUNE 30, 2019

A. Equity share capital

(Refer Note: 4)

(In ₹ million)

Balance as at April 1, 2019	Changes in equity share capital during the period	Balance as at June 30, 2019
2,478.01	-	2,478.01

(In ₹ million)

Balance as at April 1, 2018	Changes in equity share capital during the period	Balance as at June 30, 2018
2,478.01	-	2,478.01

(In ₹ million)

Balance as at April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
2,478.01	-	2,478.01

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CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED JUNE 30, 2019

B. Other equity

(In ₹ million)

Particulars		Items of other comprehensive income	Total
	Retained earnings	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2019	406.92	354.81	761.73
Loss for the period	(374.80)	-	(374.80)
Transition impact on adoption of IND AS 116	(12.76)	-	(12.76)
Other comprehensive income	-	(2.84)	(2.84)
Balance at June 30, 2019	**19.36**	**351.97**	**371.33**

(In ₹ million)

Particulars	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, 2018	581.68	158.32	740.00
Loss for the period	(187.72)	-	(187.72)
Other comprehensive income	-	158.93	158.93
Balance at June 30, 2018	**393.96**	**317.25**	**711.21**

(In ₹ million)

Particulars		Items of other comprehensive income	Total
	Retained earnings	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2018	581.68	158.32	740.00
Loss for the year	(174.76)	-	(174.76)
Other comprehensive income	-	196.49	196.49
Balance at March 31, 2019	**406.92**	**354.81**	**761.73**

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

As per our report of even date

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

Hemant M. Joshi
Partner

Place: Pune
Date : July 23, 2019

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

Dr. Anand Deshpande
Director

Place: Pune
Date : July 23, 2019

Thomas Klein
Director & Secretary

Place: Pune
Date : July 23, 2019

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 except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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 period/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

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

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.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

H. Borrowing Cost:

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

I. Financial instruments

i) Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial assets at amortized cost**

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

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

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

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

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

ii) Financial liabilities

Initial recognition and measurement

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

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

Subsequent measurement

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

- **Financial liabilities at amortized cost**

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

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

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

iii) Impairment

i) Financial assets

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

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

ii) Non-financial assets

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

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

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

J. Revenue recognition

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

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

i. Income from software licenses and services

Effective April 1, 2018, the Company adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the previous period’s/ year’s amounts have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 was insignificant.

The company derives revenues primarily from IT services comprising of software development and related services and from the licensing of software products.
Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services. Arrangements with customers for software related services are either on a time-and-material or a fixed-price basis.

Revenue on time-and-material contracts are recognized as and when the related services are performed. Revenue from fixed-price contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Revenue from licenses where the customer obtains a “right to use” the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a “right to access” is recognized over the access period.
The company has applied the principles under Ind AS 115 to account for revenues from these performance obligations.

When support services are provided in conjunction with the licensing arrangement and the license and the support services have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices Maintenance revenue is recognized proportionately over the period in which the services are rendered.

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

The company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the proportionate allocation of the discounts amount to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

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, value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

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

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.

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 other assets and liabilities are translated at the closing rate as at the date of the balance sheet. All Income and Expense items are converted at weighted average of Inter Bank Selling Rate for the period/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”.

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.

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

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 tax laws prevailing in United States. 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.

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.

N. Cash and cash equivalents

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

O. Leases

Where the Company is a lessee

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

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

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss. The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss. The Company has elected to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease expenses associated with these leases are recognized in the statement of profit and loss on accrual basis

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 period/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 June 30, 2019 (In ₹ million)	As at June 30, 2018 (In ₹ million)	As at March 31, 2019 (In ₹ million)
Authorised			
650,000,000 (Correspodning period / Previous year 650,000,000) Common Shares of $0.10 each.	US $ 65	US $ 65	US $ 65
	US $ 65	**US $ 65**	**US $ 65**
Issued, subscribed and paid-up			
402,000,000 (Corresponding period 402,000,000/ 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	2,478.01	2,478.01	2,478.01
	2,478.01	**2,478.01**	**2,478.01**

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

	As At June 30, 2019		As At June 30, 2018		As At March 31, 2019	
	No. Of Shares	Amount (In ₹ million)	No. Of Shares	Amount (In ₹ million)	No. Of Shares	Amount (In ₹ million)
No. of Share at the beginning of the reporting period	402,000,000	2,478.01	402,000,000	2,478.01	402,000,000	2,478.01
Add : - Additional Shares issued during the period	-	-	-	-	-	-
No. of Share at the end of the reporting period/year	**402,000,000**	**2,478.01**	**402,000,000**	**2,478.01**	**402,000,000**	**2,478.01**

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

5.1 Property, plant and equipment

(In ₹ million)

	Office Equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
Gross block					
As at April 1, 2019	**33.67**	**203.75**	**112.89**	**0.71**	**351.02**
Additions	0.01	9.41	-	-	9.42
Disposals	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(0.04)	(0.36)	(0.15)	-	(0.55)
As at June 30, 2019	**33.64**	**212.80**	**112.74**	**0.71**	**359.89**
Depreciation					
As at April 1, 2019	**20.03**	**172.31**	**78.11**	**0.34**	**270.79**
Charge for the period/year	1.53	7.60	4.11	0.03	**13.27**
Disposals	-	-	-	-	**-**
Effect of foreign currency translation from functional currency to reporting currency	(0.04)	(0.26)	(0.13)	-	**(0.43)**
As at June 30, 2019	**21.52**	**179.65**	**82.09**	**0.37**	**283.63**
Net block					
As at June 30, 2019	**12.12**	**33.15**	**30.65**	**0.34**	**76.26**
As at March 31, 2019	**13.64**	**31.44**	**34.78**	**0.37**	**80.23**

(In ₹ million)

	Office Equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
Gross block					
As at April 1, 2018	**30.53**	**187.80**	**106.45**	**0.67**	**325.45**
Additions	1.66	11.90	-	-	13.56
Disposals	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	1.55	9.60	5.39	0.03	16.57
As at June 30, 2018	**33.74**	**209.30**	**111.84**	**0.70**	**355.58**
Depreciation					
As at April 1, 2018	**13.43**	**148.62**	**55.34**	**0.21**	**217.60**
Charge for the period/year	1.48	7.71	5.42	0.03	14.64
Disposals	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	0.71	7.69	2.92	0.01	11.33
As at June 30, 2018	**15.62**	**164.02**	**63.68**	**0.25**	**243.57**
Net block					
As at June 30, 2018	**18.12**	**45.28**	**48.16**	**0.45**	**112.01**
As at March 31, 2018	**17.10**	**39.18**	**51.11**	**0.46**	**107.85**

(In ₹ million)

	Office Equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
Gross block					
As at April 1, 2018	**30.53**	**187.80**	**106.45**	**0.67**	**325.45**
Additions	1.95	20.02	-	-	21.97
Additions on merger of Akshat Corp	-	0.30	-	-	0.30
Disposals	(0.68)	(16.17)	-	-	(16.85)
Effect of foreign currency translation from functional currency to reporting currency	1.87	11.80	6.44	0.04	20.15
As at March 31, 2019	**33.67**	**203.75**	**112.89**	**0.71**	**351.02**
Depreciation					
As at April 1, 2018	**13.43**	**148.62**	**55.34**	**0.21**	**217.60**
Charge for the period/year	6.25	30.54	19.65	0.12	**56.56**
Acc Depreciation on merger of Akshat Corp	-	0.30	-	-	**0.30**
Disposals	(0.39)	(15.97)	-	-	**(16.36)**
Effect of foreign currency translation from functional currency to reporting currency	0.74	8.82	3.12	0.01	**12.69**
As at March 31, 2019	**20.03**	**172.31**	**78.11**	**0.34**	**270.79**
Net block					
As at March 31, 2019	**13.64**	**31.44**	**34.78**	**0.37**	**80.23**
As at March 31, 2018	**17.10**	**39.18**	**51.11**	**0.46**	**107.85**

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

5.2 Other Intangible assets

(In ₹ million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2019	**1,127.28**	**2,791.56**	**3,918.84**
Additions	-	97.75	97.75
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(1.47)	(4.76)	(6.23)
As at June 30, 2019	**1,125.81**	**2,884.55**	**4,010.36**
Amortization			
As at April 1, 2019	**1,114.95**	**1,702.71**	**2,817.66**
Charge for the period	11.89	155.49	167.38
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(1.55)	(3.47)	(5.02)
As at June 30, 2019	**1,125.29**	**1,854.73**	**2,980.02**
Net block			
As at June 30, 2019	**0.52**	**1,029.82**	**1,030.34**
As at March 31, 2019	**12.33**	**1,088.85**	**1,101.18**

(In ₹ million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2018	**1,062.82**	**2,592.80**	**3,655.62**
Additions	-	39.61	39.61
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	53.82	133.30	187.12
As at June 30, 2018	**1,116.64**	**2,765.71**	**3,882.35**
Amortization			
As at April 1, 2018	**884.47**	**1,035.76**	**1,920.23**
Charge for the period	42.80	158.74	201.54
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	45.70	55.84	101.54
As at June 30, 2018	**972.97**	**1,250.34**	**2,223.31**
Net block			
As at June 30, 2018	**143.67**	**1,515.37**	**1,659.04**
As at March 31, 2018	**178.35**	**1,557.04**	**1,735.39**

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

(In ₹ million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2018	**1,062.82**	**2,592.80**	**3,655.62**
Additions	0.21	39.61	39.82
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	64.25	159.15	223.40
As at March 31, 2019	**1,127.28**	**2,791.56**	**3,918.84**
Amortization			
As at April 1, 2018	**884.47**	**1,035.76**	**1,920.23**
Charge for the year	179.08	611.41	790.49
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	51.40	55.54	106.94
As at March 31, 2019	**1,114.95**	**1,702.71**	**2,817.66**
Net block			
As at March 31, 2019	**12.33**	**1,088.85**	**1,101.18**
As at March 31, 2018	**178.35**	**1,557.04**	**1,735.39**

5.3 Right-of-use Asset

(In ₹ million)

	As at June 30, 2019	As at June 30, 2018	As at March 31, 2019
Office Premises			
Gross block (At cost)			
As at April 1, 2019			
Additions (Transitional impact on adoption of Ind AS 116)	208.77	-	-
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	(0.85)	-	-
As at June 30, 2019	**207.92**	**-**	**-**
Amortization and impairment			
As at April 1, 2019			
Charge for the period	20.39	-	-
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	(0.16)	-	-
As at June 30, 2019	**20.23**	**-**	**-**
Net block			
As at June 30, 2019	**187.69**	**-**	**-**

5.4 Depreciation and amortization

	For the quarter ended		For the year ended
	June 30, 2019 (In ₹ million)	June 30, 2018 (In ₹ million)	March 31, 2019 (In ₹ million)
On Property, Plant and Equipment	13.27	14.64	56.56
On Other Intangible assets	167.38	201.54	790.49
ROU Asset	20.39	-	-
	201.04	**216.18**	**847.05**

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

6. Non-current financials Assets : Investments

	As at June 30, 2019 (In ₹ million)	As at June 30, 2018 (In ₹ million)	As at March 31, 2019 (In ₹ million)
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	427.92	424.51	428.48
Less: Provision for diminution in value of investment	(427.92)	(424.51)	(428.48)
Herald Technologies Inc			
Nil, common equity shares of $0.0001 value each, fully paid up,(Corresponding period: Nil, previous year 11,427,809)	-	-	146.31
Akshat Corporation			
1,000 (Corresponding period 1,000; Previous year 1000) equity shares of at par value NIL each, fully paid up	-	256.76	-
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)	304.84	302.41	305.24
Less: Provision for diminution in value of investment	(304.84)	-	(305.24)
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	6.98	6.92	6.99
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	3.73	3.70	3.73
Total carried at cost	**10.71**	**569.79**	**157.03**
Designated as Fair Value Through Profit and Loss			
Unquoted Investments			
Investments in Preferred Stocks			
In Hyginex, Inc.			
250,000 (Corresponding period:250,000, Previous year - 250,000) Preference shares of $ 0.001 each, fully paid up	13.80	13.69	13.82
Less: Provision for diminution in value of investment	(13.80)	(13.69)	(13.82)
In OpsDataStore Inc.			
200,000 (Corresponding period: 200,000,Previous year - 200,000) Preferred Stock of $ 0.001 each, fully paid up	13.80	13.69	13.82
Less: Provision for diminution in value of investment	(13.80)	-	(13.82)
In Jocata Corporation			
6,000 (Corresponding period:6000 ,Previous year -6000) Preferred Stock of $ 0.001 each, fully paid up	25.18	17.12	25.22
In Trunomi, Inc.			
277,778 (Corresponding period- 277,778, Previous year - 277,778) Preferred Stock of $ 0.0002 each, fully paid up	17.26	17.12	17.28
In Ampool, Inc.			
545,494 (Corresponding period: 545,494, Previous year - 545,494) Preferred Stock of $ 0.4583 each, fully paid up	17.26	17.12	17.28
In Cazena, Inc.	138.04	136.94	138.22
353,183 (Corresponding period-353,183/ Previous year - 353,183) Preferred Stock of $ 0.0001 each, fully paid up			
Total carried at fair value	**197.74**	**201.99**	**198.00**
Investments in Convertible notes			
In DxNow			
(Corresponding period -$ 125,000 ,Previous year - $ 125,000) Note of $ 125,000 each, fully paid up	8.63	8.56	8.64
Less: Provision for diminution in value of investment	(8.63)	(8.56)	(8.64)
In Ustyme			
(Corresponding period - $ 250,000, Previous year - $ 250,000) Note of $ 250,000 each, fully paid up	17.26	17.12	17.28
Less: Provision for diminution in value of investment	(17.26)	(17.12)	(17.28)
In Akumina Inc.			
(Corresponding period- $ 146,429, Previous year- $ 146,429) Note of $ 146,429 each, fully paid up	10.11	10.03	10.12
Total investment carried at fair value	**10.11**	**10.03**	**10.12**
Total Investments	**218.56**	**781.81**	**365.15**
Aggregate amount of dimunution in value of investments	786.25	463.88	787.28
Aggregate amount of Quoted investments	-	-	-
Aggregate amount of unquoted investments	1,004.81	1,245.69	1,152.43

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

7. Non current financial assets : loans

	As at June 30, 2019 (In ₹ million)	As at June 30, 2018 (In ₹ million)	As at March 31, 2019 (In ₹ million)
Loans to related parties (Unsecured, considered good) at amortised cost			
- Persistent Telecom Solutions Inc	69.02	68.47	69.11
(Repayment terms : At the end of three years) (Rate of Interest: US Prime rate + 150 bps)			
- Interest accrued but not due at amortised cost	0.79	1.11	0.36
Less: Credit Impaired	(69.81)	(69.58)	(69.47)
	-	-	-
-Aepona Ltd	117.31	34.24	118.07
(Repayment terms : At the end of three years) (Rate of Interest: Libor + 200 bps)			
- Interest accrued but not due at amortised cost	2.60	0.16	0.71
Less: Credit Impaired	(118.63)	-	(118.78)
	1.28	34.40	-
Loans to Others			
Loan to LHSSolutions Inc. / ENRE Inc	20.75	17.22	21.20
- Interest accrued but not due at amortised cost	0.55		
	21.30	17.22	21.20
Security deposits			
Unsecured, considered good	4.06	10.59	7.07
	26.64	**62.21**	**28.27**

8. Other non-current assets

	As at June 30, 2019 (In ₹ million)	As at June 30, 2018 (In ₹ million)	As at March 31, 2019 (In ₹ million)
Advances recoverable in cash or kind or for value to be received	5.25	45.32	6.43
	5.25	**45.32**	**6.43**

9. Trade receivables

	As at June 30, 2019 (In ₹ million)	As at June 30, 2018 (In ₹ million)	As at March 31, 2019 (In ₹ million)
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured (considered good)	-	-	2.09
Unsecured (Credit impaired)	24.40	25.83	26.35
	24.40	25.83	28.44
Less : Allowance for credit loss	24.40	25.83	26.35
	-	**-**	**2.09**
Considered good (Other Receivables)			
Unsecured (considered good)	3,125.93	3,034.82	3,313.24
Unsecured (Credit impaired)		8.47	-
	3,125.93	3,043.29	3,313.24
Less : Allowance for credit loss	-	8.47	-
	3,125.93	**3,034.82**	**3,313.24**
	3,125.93	**3,034.82**	**3,315.33**

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

10. Cash and cash equivalents

	As at June 30, 2019 (In ₹ million)	As at June 30, 2018 (In ₹ million)	As at March 31, 2019 (In ₹ million)
Cash and cash equivalents as presented in cash flow statement			
Cash on hand	0.01	0.01	0.01
Balances with banks			
-On current account	624.45	327.29	816.08
	624.46	**327.30**	**816.09**

11. Current financial assets : loans

	As at June 30, 2019 (In ₹ million)	As at June 30, 2018 (In ₹ million)	As at March 31, 2019 (In ₹ million)
Carried at amortised cost			
Unsecured considered good			
Loans to related parties			
- Persistent Telecom Solutions Inc		140.36	-
Less: Impairment	-	(140.36)	-
- Persistent Systems México, S.A. de C.V.	68.99	67.48	67.41
Interest accrued on loan to related parties			
- Persistent Systems México, S.A. de C.V.	1.15	0.52	2.25
Security deposits			
Unsecured, considered good	7.13	-	3.35
	77.27	**68.00**	**73.01**

12. Other current financial assets

	As at June 30, 2019 (In ₹ million)	As at June 30, 2018 (In ₹ million)	As at March 31, 2019 (In ₹ million)
Advance to related parties			
Unsecured considered good			
- Persistent Systems France SAS	0.02	1.72	0.02
- Akshat Corporation	-	0.37	-
- Valista Limited Ireland	0.03	0.04	0.04
- Aepona Lmited	41.37	41.04	41.43
Less: Credit Impaired	(41.37)	-	(41.43)
- Persistent Systems Lanka Private Ltd.	4.11	4.54	4.14
- Persistent Systems Israel Ltd.	71.33	89.08	71.42
- Persistent Systems México, S.A. de C.V.	0.08	6.07	0.08
- Persistent Telecom Solutions, Inc.	11.65	6.21	11.15
	87.22	**149.07**	**86.85**
Unbilled Revenue	953.27	1,096.20	836.77
	953.27	**1,096.20**	**836.77**
	1,040.49	**1,245.27**	**923.62**

13. Other current assets

	As at June 30, 2019 (In ₹ million)	As at June 30, 2018 (In ₹ million)	As at March 31, 2019 (In ₹ million)
Advances recoverable in cash or kind or for value to be received	105.74	78.52	144.09
TDS Receivable	-	1.93	-
VAT receivable	0.47	2.97	-
	106.21	**83.42**	**144.09**

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

14. Deferred tax assets / liabilities (net)

	As at June 30, 2019 (In ₹ million)	As at June 30, 2018 (In ₹ million)	As at March 31, 2019 (In ₹ million)
Deferred tax assets			
Provision for doubtful debts	7.26	10.04	5.28
Employee related payments	7.07	28.98	55.18
Leave encashment	60.61	56.07	62.09
Tax Credit	180.38	176.52	180.61
Brought forward and current year losses	27.71	-	-
Dimunition in Investement	39.55	10.28	39.66
Others	2.74	28.87	2.78
Difference in Book values and tax base values of ROU asset and Lease liability	5.43		
	330.75	310.76	345.60
Deferred tax liabilities			
Reversal of Accumulated Losses in US*	-	(36.16)	(77.32)
Difference in depreciation as per books of US tax laws	(163.46)	(186.76)	(185.58)
Deferred tax asset/(liability) (net)	**167.29**	**87.84**	**82.70**

*The Company along with its Subsidiary Company – Persistent Telecom Solutions Inc. ("Subsidiary Company") has opted for the consolidated direct tax filing in the United States since FY 2014-15 to optimize the tax liability at a group level.

During the quarter ended on 30 Jun 2019, after an internal review of the tax benefits obtained by the company due to the Subsidiary Company's tax losses in the previous years, the Company has identified an amount of USD 3,690,868 to be allocated and settled through an inter-company arrangement. Accordingly, 'deferred tax liability' to the extent carried as on 31.3.2019 (USD 1,089,258) and differential amount (USD 2,601,610) accounted as 'other expense' in the statement of profit and loss account during the quarter ended June 30th, 2019, is converted into a payable to the Subsidiary Company of USD 3,690,868 as at June 30th, 2019 and will be settled in normal course

15. Other long term financial liabilities

	As at June 30, 2019 (In ₹ million)	As at June 30, 2019 (In ₹ million)	As at March 31, 2019 (In ₹ million)
Lease liability	207.74	-	-
Less: Current maturity of lease liabilities (refer note 18)	(80.68)	-	-
	127.06	**-**	**-**

Movement of lease liabilities

	For the quarter ended		For the year ended
	June 30, 2019 (In ₹ million)	June 30, 2018 (In ₹ million)	March 31, 2019 (In ₹ million)
Opening balance	169.36	-	-
Addition during the period	58.90		
Add: Interest recognised during the period	3.56	-	-
Less: Payments made	(24.08)	-	-
Closing balance	**207.74**	**-**	**-**

16. Trade payables

	As at June 30, 2019 (In ₹ million)	As at June 30, 2019 (In ₹ million)	As at March 31, 2019 (In ₹ million)
Trade payables for goods and services	2,241.50	2,615.97	2,264.87
	2,241.50	**2,615.97**	**2,264.87**

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

17. Current financial liabilities : Others

	As at June 30, 2019 (In ₹ million)	As at June 30, 2019 (In ₹ million)	As at March 31, 2019 (In ₹ million)
Accrued employee liabilities	281.22	311.49	286.81
Advances from related parties (unsecured)			
-Persistent Systems Limited	57.11	49.67	63.21
-Persistent Telecom Solutions, Inc.	254.74	-	-
- Persistent Systems Germany GmbH	7.20	7.14	7.21
Interest accrued on loan to related parties			
-Persistent Systems Limited	-	15.10	-
	600.27	**383.40**	**357.23**

18. Other current liabilities

	As at June 30, 2019 (In ₹ million)	As at June 30, 2019 (In ₹ million)	As at March 31, 2019 (In ₹ million)
Unearned revenue	406.19	486.05	436.57
Advance from customers	25.32	357.69	20.95
VAT payable (net)	-	-	2.46
Lease Liability-Current maturity	80.68	-	-
	512.19	**843.74**	**459.98**

19. Provisions

	As at June 30, 2019 (In ₹ million)	As at June 30, 2019 (In ₹ million)	As at March 31, 2019 (In ₹ million)
Provision for employee benefits			
- Leave encashment	230.08	210.76	232.08
- Other employee benefits	247.67	431.58	583.62
	477.75	**642.34**	**815.70**

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

20. Revenue from operations

	For the quarter ended		For the year ended
	June 30, 2019 (In ₹ million)	**June 30, 2018 (In ₹ million)**	**March 31, 2019 (In ₹ million)**
Software licenses	64.00	49.76	267.97
Software services	4,946.41	4,456.99	19,459.63
	5,010.41	**4,506.75**	**19,727.60**

21. Other income

	For the quarter ended		For the year ended
	June 30, 2019 (In ₹ million)	**June 30, 2018 (In ₹ million)**	**March 31, 2019 (In ₹ million)**
Interest income	1.72	0.02	1.94
Interest on financial assets carried at amortised cost	2.43	1.87	7.66
Foreign exchange gains/(loss) (net)	(4.65)	4.20	4.82
Profit on sale of assets (net)	-	-	0.38
Provision for doubtful debts written back	1.97	-	-
Net gain/(loss) arising on financial assets designated as at FVTPL	-	-	8.03
Miscellaneous income	2.14	0.24	3.95
	3.61	**6.33**	**26.78**

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

22. Personnel expenses

	For the quarter ended		For the year ended
	June 30, 2019	June 30, 2018	March 31, 2019
	(In ₹ million)	(In ₹ million)	(In ₹ million)
22.1 Employee benefits expense			
Salaries and wages	1,786.21	1,752.21	7,290.09
Employee stock option expenses	28.11	-	-
Staff welfare and benefits	3.92	2.74	17.25
	1,818.24	**1,754.95**	**7,307.34**
22.2 Cost of technical professionals			
Technical professionals - Related parties	1,807.90	1,398.54	6,396.11
Technical professionals - Others	759.20	713.97	2,991.75
	2,567.10	**2,112.51**	**9,387.86**
	4,385.34	**3,867.46**	**16,695.20**

23. Other expenses

	For the quarter ended		For the year ended
	June 30, 2019	June 30, 2018	March 31, 2019
	(In ₹ million)	(In ₹ million)	(In ₹ million)
Traveling and conveyance	162.89	151.09	511.48
Electricity expenses	1.83	1.57	6.28
Internet link expenses	2.74	2.02	9.24
Communication expenses	4.02	3.72	20.38
Recruitment expenses	14.64	4.93	44.37
Training and seminars	0.47	2.18	5.16
Purchase of software licenses and support expenses	94.11	48.26	241.70
Bad debts	-	-	26.07
Provision for doubtful debts/(Provision for doubtful debts written back)(net)	-	13.11	5.33
Rent	1.11	25.36	103.04
Insurance	0.32	(0.30)	2.20
Rates, fees and profession tax	5.85	1.28	13.96
Legal and professional fees	51.21	47.70	169.92
Repairs and maintenance			
-Plant and machinery	0.11	0.77	1.00
- Buildings	-	-	0.02
- Others	0.03	-	0.06
Commission on sales	27.63	23.52	109.14
Advertisement and sponsorship fees	56.49	9.83	95.27
Computer consumables	0.24	0.33	1.13
Auditors' remuneration	0.25	0.54	1.00
Donations	0.21	-	-
Books, memberships, subscriptions	3.24	9.76	48.37
Discount Allowed	12.21	13.06	65.73
Loss on dissolution of subsidiary	144.39	-	188.60
Diminution loss on financial assets designated as at FVTPL-Others	0.44	-	13.94
Provision for diminution in value of investment-carried at cost-Subsidiaries	-	-	308.86
Inter corporate deposits written off	13.08	-	-
Impairment loss on financial assets carried at amortized cost	-	205.54	232.37
Inter-co obligation allocation (refer note 14)	181.03	-	-
Miscellaneous expenses	19.95	16.37	72.90
	798.49	**580.64**	**2,297.52**

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

24. Earnings per share

Particulars		For the quarter ended		For the year ended
		June 30, 2019	**June 30, 2018**	**March 31, 2019**
Basic earnings per share				
Numerator				
Net Loss after tax **(In ₹ million)**	A	(374.80)	(187.72)	(174.76)
For basis EPS				
Weighted average number of equity share	B	402,000,000	402,000,000	402,000,000
Denominator for Diluted EPS				
Weighted average number of equity shares	C	402,000,000	402,000,000	402,000,000
Basic earnings per share (In ₹) **(Face value of US $ 0.10 each)**	A / B	(0.93)	(0.47)	(0.43)
Diluted earnings per share (In ₹) **(Face value of US $ 0.10 each)**	A / C	(0.93)	(0.47)	(0.43)

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

25. Contingent liability

Persistent Systems Inc., has given a guarantee of €10,000,000 to Tech Data Europe GmbH & its Affiliates towards trade payable of Persistent Systems Inc & its Affiliates.

26. Investment in Akumina, Inc.

On November 11, 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.

27. Effective April 1, 2019, the Group has adopted Ind AS 116 Leases; and has recognized interest on lease liability of ₹ 3.56 million under finance costs.

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