

**Persistent Telecom Solutions Inc.****CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2017**

	Note	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment	5	1,376,636	4,050,462	2,401,594
Capital work-in-progress		-	490,650	-
Other Intangible assets	5	152,122,926	311,730,153	209,445,165
		<b>153,499,562</b>	<b>316,271,265</b>	<b>211,846,759</b>
Financial assets				
-Loans	7	-	24,977	95,344
Deferred Tax Asset (Net)	6	250,179,080	197,933,942	249,184,439
		<b>403,678,642</b>	<b>514,230,184</b>	<b>461,126,542</b>
<b>Current assets</b>				
Trade receivables	8	152,456,875	272,958,066	225,024,392
Cash and cash equivalents	9	47,127,867	34,829,766	44,102,661
Other current financial assets	10	203,242,159	32,815,636	48,459,736
Other Current Assets	11	38,558,837	28,166,583	159,265,798
Current Tax Assets (Net)		28,233,629	1,583,319	5,627,149
		<b>469,619,367</b>	<b>370,353,370</b>	<b>482,479,736</b>
<b>TOTAL</b>		<b>873,298,009</b>	<b>884,583,554</b>	<b>943,606,278</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity share capital	4	123	123	123
Other equity		(151,422,089)	(40,289,432)	(154,681,626)
		<b>(151,421,966)</b>	<b>(40,289,309)</b>	<b>(154,681,503)</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
-Borrowings	12	212,322,500	356,336,750	340,462,500
		<b>60,900,534</b>	<b>316,047,441</b>	<b>185,780,997</b>
<b>Current liabilities</b>				
Financial liabilities				
-Borrowings	13	1,804,990	33,172,222	10,339,380
- Trade payables	14	395,847,847	250,566,907	376,944,756
- Other financial liabilities	15	152,598,745	78,394,128	69,580,641
Other current liabilities	16	178,221,689	140,888,968	203,542,442
Provisions	17	83,924,204	65,513,888	97,418,062
		<b>812,397,475</b>	<b>568,536,113</b>	<b>757,825,281</b>
<b>TOTAL</b>		<b>873,298,009</b>	<b>884,583,554</b>	<b>943,606,278</b>
Summary of significant accounting policies	3			

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

As per our report of even date

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

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

per C.K. Joshi  
Partner  
Membership No.030428

Dr. Anand Deshpande  
Director

Narayanan Rajagopalan  
President and Director

Place: Pune  
Date : October 14, 2017

Place: Pune  
Date : October 14, 2017

Place: Santa Clara  
Date : October 14, 2017

**Persistent Telecom Solutions Inc.**
**CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2017**

	Note	For the quarter ended		For the half year ended		For the year ended
		September 30, 2017 (In ₹)	September 30, 2016 (In ₹)	September 30, 2017 (In ₹)	September 30, 2016 (In ₹)	March 31, 2017 (In ₹)
<b>Income</b>						
Revenue from operations	18	262,424,868	391,763,551	601,967,737	715,399,507	1,435,369,828
Other income	19	16,152	14,126	34,391	42,690	2,142,848
	(A)	<b>262,441,020</b>	<b>391,777,677</b>	<b>602,002,128</b>	<b>715,442,197</b>	<b>1,437,512,676</b>
<b>Expenses</b>						
Employee benefit expenses	20.1	143,459,197	158,464,429	290,519,268	310,141,163	641,833,409
Cost of technical professionals	20.2	58,019,410	41,118,138	135,472,912	115,107,722	277,444,509
Finance costs		2,135,493	2,154,359	4,351,549	4,093,610	8,593,764
Depreciation and amortization expense	5.1	27,192,767	53,754,743	59,079,454	98,710,234	198,394,563
Other expenses	21	91,253,567	119,369,784	160,983,508	237,444,672	425,602,949
	(B)	<b>322,060,434</b>	<b>374,861,453</b>	<b>650,406,691</b>	<b>765,497,401</b>	<b>1,551,869,194</b>
<b>Profit/(Loss) before tax and exceptional items</b>		<b>(59,619,414)</b>	<b>16,916,224</b>	<b>(48,404,563)</b>	<b>(50,055,204)</b>	<b>(114,356,518)</b>
<b>Exceptional Item</b>	22	(41,494,775)	-	(41,494,775)	-	114,108,420
<b>Profit/(Loss) before tax</b>		<b>(18,124,639)</b>	<b>16,916,224</b>	<b>(6,909,788)</b>	<b>(50,055,204)</b>	<b>(228,464,938)</b>
<b>Tax expense</b>						
Current tax		151,706	-	151,706	-	-
Tax (credit) / charge in respect of earlier years		8,039	-	(12,242,387)	-	-
Deferred tax (credit) / charge		(11,891,929)	6,002,923	837,894	(13,746,073)	(72,338,563)
<b>Total tax expense</b>		<b>(11,732,184)</b>	<b>6,002,923</b>	<b>(11,252,787)</b>	<b>(13,746,073)</b>	<b>(72,338,563)</b>
<b>Net Profit/(Loss) after tax and exceptional items</b>	(C)	<b>(6,392,455)</b>	<b>10,913,301</b>	<b>4,342,999</b>	<b>(36,309,131)</b>	<b>(156,126,375)</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss (D)</b>						
- Remeasurements of the defined benefit liabilities / (asset)		-	(567,971)	-	(304,570)	-
- Tax effect on remeasurements of the defined benefit liabilities / (asset)		-	193,149	-	103,575	-
		-	<b>(374,822)</b>	-	<b>(200,995)</b>	-
<b>Items that may be reclassified to profit or loss (E)</b>						
- Exchange differences in translating the financial statements of foreign		(1,747,290)	688,468	(1,083,462)	(147,705)	5,076,350
		<b>(1,747,290)</b>	<b>688,468</b>	<b>(1,083,462)</b>	<b>(147,705)</b>	<b>5,076,350</b>
<b>Total comprehensive income for the period/year (C) + (D) + (E)</b>		<b>(8,139,745)</b>	<b>11,226,947</b>	<b>3,259,537</b>	<b>(36,657,831)</b>	<b>(151,050,025)</b>
<b>Earnings per equity share</b>						
[nominal value of share \$ 0.001 (Corresponding period/ previous year \$ 0.001)]	23					
Basic (In ₹)		(2,577.60)	4,400.52	1,751.21	(14,640.78)	(62,954.18)
Diluted (In ₹)		(2,577.60)	4,400.52	1,751.21	(14,640.78)	(62,954.18)
Summary of significant accounting policies	3					

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

As per our report of even date

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

For and on behalf of the Board of Directors of  
Persistent Telecom Solutions Inc.

per C.K. Joshi  
Partner  
Membership No.030428

Dr. Anand Deshpande  
Director

Narayanan Rajagopalan  
President and Director

Place: Pune  
Date : October 14, 2017

Place: Pune  
Date : October 14, 2017

Place: Santa Clara  
Date : October 14, 2017

**Persistent Telecom Solutions Inc.****CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2017**

	For the half year ended		For the year ended
	September 30, 2017	September 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)
<b>Cash flow from operating activities</b>			
<b>Profit/(Loss) before tax</b>	<b>(6,909,788)</b>	<b>(50,055,204)</b>	<b>(228,464,938)</b>
Adjustments for:			
Foreign Currency Translation Reserve	(1,901,441)	(2,743,634)	2,989,404
Finance Cost	4,351,549	4,093,610	8,593,764
Interest income	(34,391)	(25,603)	(55,795)
Depreciation and amortization expense	59,079,454	98,710,234	198,394,563
Bad debts written off	2,377,265	-	488,271
Provision for doubtful debts (net)	(845,857)	11,887,004	14,660,246
Loss on sale of fixed assets	-	-	37,854
Employee stock option expenses	-	-	1,913,099
Remeasurements of the defined benefit liabilities / asset	-	(304,570)	-
<b>Operating profit before working capital changes</b>	<b>56,116,791</b>	<b>61,561,837</b>	<b>(1,443,532)</b>
Movements in working capital :			
Decrease/ (Increase) in trade receivables	71,036,109	(34,635,863)	10,036,298
Decrease/ (Increase) in other current assets	120,706,961	26,453,743	(97,132,758)
Decrease/(Increase) in loans and advances	(154,687,079)	2,322,189	(22,818,091)
Increase/ (Decrease) in trade payables and current liabilities	761,323	(131,425,570)	36,053,050
Increase/ (Decrease) in provisions	(13,493,858)	(16,420,598)	15,483,576
<b>Operating profit after working capital changes</b>	<b>80,440,247</b>	<b>(92,144,262)</b>	<b>(59,821,457)</b>
Direct taxes paid (net of refunds)	(10,300,961)	(10,448,327)	(14,258,570)
<b>Net cash generated from / (used in) operating activities</b>	<b>A 70,139,286</b>	<b>(102,592,589)</b>	<b>(74,080,027)</b>
<b>Cash flows from investing activities</b>			
(Payment for capital expenditure)/Sales proceeds from fixed assets	(6,822)	3,537,737	4,004,310
Interest received	34,391	25,603	55,795
<b>Net cash (used in) investing activities</b>	<b>B 27,569</b>	<b>3,563,340</b>	<b>4,060,105</b>
<b>Cash flows from financing activities</b>			
Proceeds / Repayments from long term borrowings	(64,598,021)	56,391,233	42,748,667
Interest paid	(2,543,628)	(1,718,537)	(7,812,403)
<b>Net cash generated from financing activities</b>	<b>C (67,141,649)</b>	<b>54,672,696</b>	<b>34,936,264</b>
Net increase in cash and cash equivalents (A + B + C)	3,025,206	(44,356,553)	(35,083,658)
Cash and cash equivalents at the beginning of the reporting period/year	44,102,661	79,186,319	79,186,319
<b>Cash and cash equivalents at the end of the reporting period/year</b>	<b>47,127,867</b>	<b>34,829,766</b>	<b>44,102,661</b>
<b>Components of cash and cash equivalents</b>	<b>September 30, 2017</b>	<b>September 30, 2016</b>	<b>March 31, 2017</b>
Balances with Banks	47,127,867	34,829,766	44,102,661
<b>Cash and cash equivalents as per note 9</b>	<b>47,127,867</b>	<b>34,829,766</b>	<b>44,102,661</b>
Summary of significant accounting policies	3		

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

As per our report of even date

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

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

per C.K. Joshi  
Partner  
Membership No.030428

Dr. Anand Deshpande  
Director

Narayanan Rajagopalan  
President and Director

Place: Pune  
Date : October 14, 2017

Place: Pune  
Date : October 14, 2017

Place: Santa Clara  
Date : October 14, 2017

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

Refer note : 4

(In ₹)

Balance as at April 1, 2017	Changes in equity share capital during the period	Balance as at September 30, 2017
123	-	123

(In ₹)

Balance as at April 1, 2016	Changes in equity share capital during the period	Balance as at September 30, 2016
123	-	123

(In ₹)

Balance as at April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
123	-	123

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**Persistent Telecom Solutions Inc.**  
STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2017

**B. Other equity**

(In ₹)

Particulars	Reserves and surplus		Items of other comprehensive income		Total
	Securities premium reserve	Retained earnings	Exchange differences on translating the financial statements of foreign operations	Remeasurements of the defined benefit liabilities / asset	
Balance as at April 1, 2017	306,930,570	(559,063,283)	96,334,049	1,117,038	(154,681,626)
Net profit/(losses) for the period	-	4,342,999	-	-	4,342,999
Change during the period	-	-	(1,083,462)	-	(1,083,462)
<b>Balance at September 30, 2017</b>	<b>306,930,570</b>	<b>(554,720,284)</b>	<b>95,250,587</b>	<b>1,117,038</b>	<b>(151,422,089)</b>

(In ₹)

Particulars	Reserves and surplus		Items of other comprehensive income		Total
	Securities premium reserve	Retained earnings	Exchange differences on translating the financial statements of foreign operations	Remeasurements of the defined benefit liabilities / asset	
Balance as at April 1, 2016	306,930,570	(402,936,908)	91,257,699	1,117,038	(3,631,601)
Net profit/(losses) for the period	-	(36,309,131)	-	-	(36,309,131)
Change during the period	-	-	(147,705)	(200,995)	(348,700)
<b>Balance at September 30, 2016</b>	<b>306,930,570</b>	<b>(439,246,039)</b>	<b>91,109,994</b>	<b>916,043</b>	<b>(40,289,432)</b>

(In ₹)

Particulars	Reserves and surplus		Items of other comprehensive income		Total
	Securities premium reserve	Retained earnings	Exchange differences on translating the financial statements of foreign operations	Remeasurements of the defined benefit liabilities / asset	
Balance as at April 1, 2016	306,930,570	(402,936,908)	91,257,699	1,117,038	(3,631,601)
Net profit/(losses) for the year	-	(156,126,375)	-	-	(156,126,375)
Change during the year	-	-	5,076,350	-	5,076,350
<b>Balance at March 31, 2017</b>	<b>306,930,570</b>	<b>(559,063,283)</b>	<b>96,334,049</b>	<b>1,117,038</b>	<b>(154,681,626)</b>

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

As per our report of even date

**For Joshi Apte & Co.**  
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**For and on behalf of the Board of Directors of**  
**Persistent Telecom Solutions Inc.**

per C.K. Joshi  
Partner  
Membership No. 030428

Dr. Anand Deshpande  
Director

Narayanan Rajagopalan  
President and Director

Place: Pune  
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Place: Santa Clara  
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**1. Nature of operations**

Persistent Telecom Solutions, Inc. (the Company) is a wholly owned subsidiary of Persistent Systems, Inc. The company is specializing in software products, services and technology innovation in telecom and Product Lifecycle Management domains.

**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 period/year and are consistent with those used in previous period/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. Statement of significant accounting policies**

**A. Accounting year**

The accounting year of the company is from April 1 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 Ind 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. 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 USA. Significant judgements are involved in determining the provision for income taxes.

**iii. Property, plant and equipment**

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

**iv. Provisions**

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

**D. Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost, less accumulated depreciation and 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 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 year during which such expenses are incurred.

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

**E. Intangible assets**

**a) Acquired 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.

**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;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

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

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

**F. Depreciation and amortization**

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

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

<b>Assets</b>	<b>Useful lives</b>
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Furniture and fixtures*	5 years

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

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

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

**G. Financial Instruments**

**i) Financial assets**

*Initial recognition and measurement*

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

*Subsequent measurement*

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

**- Financial assets at amortized cost**

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

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

Financial assets that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the assets' contractual cash flows represent



solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value. Fair value movements are recognized in other comprehensive income.

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

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

**ii) Financial liabilities**

*Initial recognition and measurement*

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

*Subsequent measurement*

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

- **Financial liabilities at amortized cost**

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

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

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

**iii) Impairment**

**i) Financial assets**

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

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

**ii) Non-financial assets**

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

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

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

**H. 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.

**I. 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.

**J. Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on category basis.

Long-term investments presented as non-current investments are carried at cost.

**K. Revenue recognition**

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

**i. Income from software licenses and 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 licensing of software is recognized upon delivery.

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

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

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

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

The company collects sales tax on behalf of 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. Dividends**

Dividend Income is recognized when the company's right to receive payment is established by the balance sheet date. Dividend income is included under the head 'Other Income' in the statement of profit and loss.

**L. Foreign currency transaction:**

**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 functional currency and the foreign currency on the date of the transaction.

**ii. Conversion**

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

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

**iii. Settlement**

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

**M. Retirement and other employee benefits**

**i. Gratuity**

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

**ii. Superannuation**

The Company does not have any superannuation scheme.

**iii. Provident fund**

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

**iv. Leave encashment**

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

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

**N. Income taxes**

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

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 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.

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 correlation to the underlying transaction either in other comprehensive income or directly in equity.

**O. Cash and cash equivalents**

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

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**P. Lease**

*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.

**Q. Earnings per share (EPS)**

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

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period, 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.

**R. 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.

**S. Contingent liabilities**

A contingent liability is a possible obligation that arises from past event 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 condensed financial statements.

**T. 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) by the holding Company, Persistent Systems Limited, to the employees of the Company.

In accordance with Ind AS 102, the cost of equity-settled transactions is determined by the fair value at the date of the grant by the holding Company of the equity instruments to the employees of the Company 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.

# Persistent Telecom Solutions, Inc.

## NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

The expense or credit recognized by the Company in the statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense of the Company. 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 intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

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**Persistent Telecom Solutions, Inc.**  
**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**

**4. Share capital**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Authorised</b>			
5,000 (Previous year 5,000) Common Shares of \$0.001 each.	US \$ 5	US \$ 5	US \$ 5
	<b>US \$ 5</b>	<b>US \$ 5</b>	<b>US \$ 5</b>
<b>Issued, subscribed and paid-up</b>			
2,480 (previous year 2,480) common shares of \$0.001 each fully paid up. All shares are held by holding company i.e. Persistent Systems Inc.	123	123	123
	<b>123</b>	<b>123</b>	<b>123</b>

**Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:**  
There is no movement in the shares outstanding at the beginning and at the end of the reporting period.

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**Persistent Telecom Solutions Inc.**
**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**
**5. Property, Plant and Equipment & Other Intangible Assets**

	(In ₹)							
	Computers	Office Equipment	Furniture & Fixtures	Sub total Tangibles	Software	Acquired Contractual rights	Sub total Intangibles	Total
<b>Gross Block</b>								
<b>As at April 1, 2017</b>	129,928,774	1,384,565	999,406	132,312,745	625,774,387	449,105,096	1,074,879,483	1,207,192,228
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-
- Exchange difference	961,693	10,248	7,397	979,338	4,631,792	3,324,140	7,955,932	8,935,270
<b>As at September 30, 2017</b>	<b>130,890,467</b>	<b>1,394,813</b>	<b>1,006,803</b>	<b>133,292,083</b>	<b>630,406,179</b>	<b>452,429,236</b>	<b>1,082,835,415</b>	<b>1,216,127,498</b>
<b>Depreciation / Amortization</b>								
<b>As at April 1, 2017</b>	128,641,040	865,920	404,191	129,911,151	517,200,630	348,233,688	865,434,318	995,345,469
Charge for the year	798,644	128,419	101,124	1,028,187	31,780,962	26,270,305	58,051,267	59,079,454
Other Adjustments	-	-	-	-	-	-	-	-
- Exchange difference	963,460	8,226	4,423	976,109	4,277,751	2,949,153	7,226,904	8,203,013
<b>As at September 30, 2017</b>	<b>130,403,144</b>	<b>1,002,565</b>	<b>509,738</b>	<b>131,915,447</b>	<b>553,259,343</b>	<b>377,453,146</b>	<b>930,712,489</b>	<b>1,062,627,936</b>
<b>Net Block</b>								
<b>As at September 30, 2016</b>	487,323	392,248	497,065	1,376,636	77,146,836	74,976,090	152,122,926	153,499,562
<b>As at March 31, 2017</b>	<b>1,287,734</b>	<b>518,645</b>	<b>595,215</b>	<b>2,401,594</b>	<b>108,573,757</b>	<b>100,871,408</b>	<b>209,445,165</b>	<b>211,846,759</b>
<b>Gross Block</b>								
<b>As at April 1, 2016</b>	136,928,302	1,431,911	847,649	139,207,862	639,211,408	458,748,563	1,097,959,971	1,237,167,833
Additions	-	-	-	-	-	-	-	-
Disposals	(3,521,227)	(501,426)	-	(4,022,653)	-	-	-	(4,022,653)
Other Adjustments	-	-	-	-	-	-	-	-
- Exchange difference	243,601	491,550	4,639	739,790	3,497,968	2,510,418	6,008,386	6,748,176
<b>As at September 30, 2016</b>	<b>133,650,676</b>	<b>1,422,035</b>	<b>852,288</b>	<b>135,924,999</b>	<b>642,709,376</b>	<b>461,258,981</b>	<b>1,103,968,357</b>	<b>1,238,893,356</b>
<b>Depreciation / Amortization</b>								
<b>As at April 1, 2016</b>	128,699,678	608,048	230,139	129,537,865	459,979,993	232,884,997	692,864,990	822,402,855
Charge for the period	2,466,037	142,186	83,975	2,692,198	38,720,615	57,297,421	96,018,036	98,710,234
Other Adjustments	-	-	-	-	-	-	-	-
- Exchange difference	(354,481)	(1,923)	878	(355,526)	2,341,173	1,014,005	3,355,178	2,999,652
<b>As at September 30, 2016</b>	<b>130,811,234</b>	<b>748,311</b>	<b>314,992</b>	<b>131,874,537</b>	<b>501,041,781</b>	<b>291,196,423</b>	<b>792,238,204</b>	<b>924,112,741</b>
<b>Net Block</b>								
<b>As at September 30, 2016</b>	2,839,442	673,724	537,296	4,050,462	141,667,595	170,062,558	311,730,153	315,780,615
<b>As at March 31, 2016</b>	<b>8,228,624</b>	<b>823,863</b>	<b>617,510</b>	<b>9,669,997</b>	<b>179,231,415</b>	<b>225,863,566</b>	<b>405,094,981</b>	<b>414,764,978</b>
<b>Gross Block</b>								
<b>As at April 1, 2016</b>	136,928,302	1,431,911	847,649	139,207,862	639,211,408	458,748,563	1,097,959,971	1,237,167,833
Purchase	227,094	-	174,442	401,536	-	-	-	401,536
Disposals	(4,448,177)	(17,616)	-	(4,465,793)	-	-	-	(4,465,793)
Other Adjustments	-	-	-	-	-	-	-	-
- Exchange difference	(2,778,445)	(29,730)	(22,685)	(2,830,860)	(13,437,021)	(9,643,467)	(23,080,488)	(25,911,348)
<b>As at March 31, 2017</b>	<b>129,928,774</b>	<b>1,384,565</b>	<b>999,406</b>	<b>132,312,745</b>	<b>625,774,387</b>	<b>449,105,096</b>	<b>1,074,879,483</b>	<b>1,207,192,228</b>
<b>Depreciation / Amortization</b>								
<b>As at April 1, 2016</b>	128,699,678	608,048	230,139	129,537,865	459,979,993	232,884,997	692,864,990	822,402,855
Charge for the year	4,232,489	284,778	185,159	4,702,426	69,234,080	124,458,057	193,692,137	198,394,563
Other Adjustments	-	-	-	-	-	-	-	-
- Exchange difference	(4,291,127)	(26,906)	(11,107)	(4,329,140)	(12,013,443)	(9,109,366)	(21,122,809)	(25,451,949)
<b>As at March 31, 2017</b>	<b>128,641,040</b>	<b>865,920</b>	<b>404,191</b>	<b>129,911,151</b>	<b>517,200,630</b>	<b>348,233,688</b>	<b>865,434,318</b>	<b>995,345,469</b>
<b>Net Block</b>								
<b>As at March 31, 2017</b>	1,287,734	518,645	595,215	2,401,594	108,573,757	100,871,408	209,445,165	211,846,759
<b>As at March 31, 2016</b>	<b>8,228,624</b>	<b>823,863</b>	<b>617,510</b>	<b>9,669,997</b>	<b>179,231,415</b>	<b>225,863,566</b>	<b>405,094,981</b>	<b>414,764,978</b>

**5.1 Depreciation and amortization expense**

	(In ₹)				
	For the quarter ended		For the half year ended		For the year ended
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
On Property, Plant and Equipment	381,670	1,023,495	1,028,187	2,692,198	4,702,426
On Other intangible asset:	26,811,097	52,731,248	58,051,267	96,018,036	193,692,137
	<b>27,192,767</b>	<b>53,754,743</b>	<b>59,079,454</b>	<b>98,710,234</b>	<b>198,394,563</b>

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**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**

**6. Deferred tax assets**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Deferred tax assets</b>			
Provision for doubtful debts	14,771,467	13,974,483	14,665,174
Provision for leave encashment	7,845,443	8,789,453	8,219,756
Sales commission	-	2,696,323	4,979,046
Differences in depreciation and amortization and other differences in a block of tangible and intangible assets as per the US tax books and financial books	169,120,521	150,287,036	173,383,115
Others*	58,441,649	22,186,647	47,937,348
<b>Deferred tax asset (net)</b>	<b>250,179,080</b>	<b>197,933,942</b>	<b>249,184,439</b>

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

**7. Non Current financial assets: Loans**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Unsecured, considered good</b>			
Advances recoverable in cash or kind or for value to be received	-	24,977	95,344
	<b>-</b>	<b>24,977</b>	<b>95,344</b>

**8. Trade receivables**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>			
Unsecured (considered good)	520,027	-	-
Unsecured (considered doubtful)	42,119,039	41,101,336	42,661,126
	42,639,066	41,101,336	42,661,126
Less : Provision for doubtful debts	42,119,039	41,101,336	42,661,126
	520,027	-	-
<b>Others</b>			
Unsecured (considered good)	151,936,848	272,958,066	225,024,392
Unsecured (considered doubtful)	-	-	-
	151,936,848	272,958,066	225,024,392
Less : Provision for doubtful debts	-	-	-
	151,936,848	272,958,066	225,024,392
	<b>152,456,875</b>	<b>272,958,066</b>	<b>225,024,392</b>

**9. Cash and cash equivalents**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Cash and cash equivalents as presented in cash flow statement</b>			
Balances with banks			
- On current account	47,127,867	34,829,766	44,102,661
	<b>47,127,867</b>	<b>34,829,766</b>	<b>44,102,661</b>

**10. Other current financial assets**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Unsecured, considered good</b>			
<b>Carried at amortised cost</b>			
Advance to related parties (Unsecured, considered good)			
- Aepona Limited UK	-	782,318	868,616
- Persistent Systems Ltd.	180,320,596	8,760,915	20,183,674
Other loans and advances			
Deposits	145,347	389,639	144,278
Unbilled revenue	22,776,216	22,882,764	27,263,168
	<b>203,242,159</b>	<b>32,815,636</b>	<b>48,459,736</b>

**11. Other current assets**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Advances to suppliers (Unsecured, considered good)</b>			
Advances recoverable in cash or kind or for value to be received	38,333,435	27,539,731	158,992,164
US State Tax receivable	225,402	626,852	273,634
	<b>38,558,837</b>	<b>28,166,583</b>	<b>159,265,798</b>

**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**

**12. Non Current financial liabilities: Borrowings**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Unsecured</b>			
Borrowings from related parties			
- Persistent Systems, Inc. (Repayment Terms : After Thirty six months) (Rate of interest: Applicable federal rate)	68,596,500	203,145,250	132,942,500
- Persistent Systems Pte. Ltd. (Repayment Terms : After Thirty six months) (Rate of interest: SIBOR + 2%)	143,726,000	153,191,500	207,520,000
	<b>212,322,500</b>	<b>356,336,750</b>	<b>340,462,500</b>

**13. Current financial liabilities : Borrowings**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Loans and advances from related parties			
Unsecured			
- Aepona Limited UK	1,169	-	-
- Persistent Systems, Inc.	1,803,821	33,172,222	10,339,380
	<b>1,804,990</b>	<b>33,172,222</b>	<b>10,339,380</b>

**14. Trade payables**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Trade payables	395,847,847	250,566,907	376,944,756
	<b>395,847,847</b>	<b>250,566,907</b>	<b>376,944,756</b>

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**Persistent Telecom Solutions Inc.****NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS****15. Other current financial liabilities**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
<b>Carried at amortised cost</b>			
Borrowings from related parties			
- Persistent Systems, Inc.	65,330,000	-	64,850,000
- Persistent Systems Pte. Ltd.	65,330,000	73,265,500	-
Interest accrued on borrowings from related parties			
- Persistent Systems, Inc.	387,664	715,496	690,378
- Persistent Systems Pte. Ltd.	3,538,592	3,359,508	1,734,327
Other payables			
- Accrued employee liabilities	16,993,514	-	1,280,139
Capital creditors	1,018,975	1,053,624	1,025,797
	<b>152,598,745</b>	<b>78,394,128</b>	<b>69,580,641</b>

**16. Other current liabilities**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Unearned revenue	178,082,170	138,290,570	202,880,089
Advance from customers	130,660	-	129,700
Other payables			
- Statutory liabilities	8,859	2,598,398	532,653
	<b>178,221,689</b>	<b>140,888,968</b>	<b>203,542,442</b>

**17. Current Liabilities: Provisions**

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Provision for employee benefits			
- Leave encashment	22,370,325	25,851,333	24,175,754
- Other employee benefits	61,553,879	39,662,555	73,242,308
	<b>83,924,204</b>	<b>65,513,888</b>	<b>97,418,062</b>

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**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**

**18. Revenue from operations**

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Sale of licenses (net)	4,100,775	53,247,997	129,376,502	89,513,380	172,206,717
Sale of software services (net)	258,324,093	338,515,554	472,591,235	625,886,127	1,263,163,111
	<b>262,424,868</b>	<b>391,763,551</b>	<b>601,967,737</b>	<b>715,399,507</b>	<b>1,435,369,828</b>

**19. Other income**

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Interest income	16,152	9,996	34,391	25,603	55,795
Miscellaneous income	-	4,130	-	17,087	2,087,053
	<b>16,152</b>	<b>14,126</b>	<b>34,391</b>	<b>42,690</b>	<b>2,142,848</b>

**20. Personnel expenses**

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
<b>20.1 Employee benefit expenses</b>					
Salaries, wages and bonus	142,872,617	155,530,208	288,975,183	306,531,324	636,044,344
Staff welfare and benefits	586,882	793,673	1,084,426	1,451,951	3,875,966
Employee stock option expenses	(302)	2,140,548	459,659	2,157,888	1,913,099
	<b>143,459,197</b>	<b>158,464,429</b>	<b>290,519,268</b>	<b>310,141,163</b>	<b>641,833,409</b>
<b>20.2 Cost of technical professionals</b>					
- Related Parties	56,922,436	40,374,376	132,885,986	112,934,514	273,399,970
- Others	1,096,974	743,762	2,586,926	2,173,208	4,044,539
	<b>58,019,410</b>	<b>41,118,138</b>	<b>135,472,912</b>	<b>115,107,722</b>	<b>277,444,509</b>
	<b>201,478,607</b>	<b>199,582,567</b>	<b>425,992,180</b>	<b>425,248,885</b>	<b>919,277,918</b>

**21. Other expenses**

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Travelling and conveyance	12,307,137	9,388,354	26,133,287	23,418,049	55,072,330
Internet link expenses	140,186	-	289,017	-	-
Electricity expenses	-	38,281	-	61,734	76,445
Communication expenses	462,680	755,266	1,022,668	1,577,378	3,203,656
Recruitment expenses	(1,184)	1,806,546	1,803,724	1,806,546	5,842,284
Training and seminars	-	629,421	-	696,201	892,743
Royalty expenses	23,949,717	37,936,244	34,357,876	66,200,964	110,928,312
Third party hosting and software fees	11,671,928	13,837,773	24,103,528	27,010,594	52,263,922
Purchase of software licenses and support expenses	2,909,959	5,531,431	6,486,491	12,809,383	21,974,070
Provision for doubtful debts/ (Provision for doubtful debts written back) (net)	257,562	9,042,752	(845,857)	11,887,004	14,660,246
Bad Debts	(1,561)	-	2,377,265	-	488,271
Rent	125,534	245,274	251,233	620,550	963,530
Rates, fees and profession tax	203,077	24,734	677,010	36,204	2,013,863
Legal and professional fees	21,818,242	30,001,182	39,658,526	68,543,636	111,247,018
Repairs and maintenance	-	-	-	-	-
- Plant and machinery	(268)	580,449	408,157	585,987	938,998
- Others	-	-	-	-	-
Commission on sales to other than sole selling agents	14,048,863	-	14,048,863	-	3,411,822
Advertisement and sponsorship fees	239,977	7,083,788	3,744,090	10,452,626	21,273,490
Computer consumables	70,980	22,783	132,262	62,144	1,701,854
Auditors' remuneration	15,382	16,072	31,114	37,143	70,900
Books, memberships, subscriptions	2,180,737	884,620	4,408,390	1,568,089	4,892,654
Foreign exchange loss (net)	(48,114)	49,972	(339,132)	6,981,066	6,933,105
Loss on sale of assets (net)	-	35	-	37,734	37,854
Miscellaneous expenses	902,733	1,494,807	2,234,996	3,051,640	6,715,582
	<b>91,253,567</b>	<b>119,369,784</b>	<b>160,983,508</b>	<b>237,444,672</b>	<b>425,602,949</b>

**22. Exceptional Item**

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Litigation Cost (Net) (Refer Note: 26)	(41,494,775)	-	(41,494,775)	-	114,108,420
	<b>(41,494,775)</b>	<b>-</b>	<b>(41,494,775)</b>	<b>-</b>	<b>114,108,420</b>

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

23. Earnings per share

		For the quarter ended		For the half year ended		For the year ended
		September 30, 2017 (In ₹)	September 30, 2016 (In ₹)	September 30, 2017 (In ₹)	September 30, 2016 (In ₹)	March 31, 2017 (In ₹)
<b>Basic earnings per share</b>						
<b><u>Numerator</u></b>						
Net Profit / (loss) after tax	A	(6,392,455)	10,913,301	4,342,999	(36,309,131)	(156,126,375)
<b><u>Denominator</u></b>						
Weighted average number of equity shares	B	2,480	2,480	2,480	2,480	2,480
<b>Basic/Diluted earnings per share (Face value of US \$ 0.001 each)</b>	A / B	(2,577.60)	4,400.52	1,751.21	(14,640.78)	(62,954.18)

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**24. Contingent liability**

On February 29, 2016, the Company, acquired the assets of US based Citrix Systems International GMBH for an upfront consideration of USD 369,187. The asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The fair value of the contingent consideration is estimated to be NIL as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.

25. PTSI is considered as going concern inspite of negative net worth and inability to repay debts on time, based on assurance of continued financial support and assistance from parent company and measures proposed to control loss.
26. A US based corporation had filed a suit against the Company, claiming damages for direct and contributory infringement of copyrights and breach of contract in the year 2014. During March 2017, an out of court settlement was reached with the claimant without admission of any liability, and an amount of ₹. 108.88 million was shown as insurance claim receivable based on the legal opinion obtained. During September, 2017, an amount of ₹ 150.14 million was received from the insurance company against settlement of the claim receivable.

**27. Previous period/year comparatives**

Corresponding period/year comparative figures are regrouped wherever necessary to conform to current period's/year's classification.

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As per our report of even date

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

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

per C.K. Joshi  
Partner  
Membership No.030428

Dr. Anand Deshpande  
Director

Narayanan Rajagopalan  
President and Director

Place: Pune  
Date: October 14, 2017

Place: Pune  
Date: October 14, 2017

Place: Santa Clara  
Date: October 14, 2017

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