

Persistent Systems Pte Ltd.**CONDENSED BALANCE SHEET AS AT MARCH 31, 2018**

| | Notes | As at March 31, 2018 (In ₹) | As at March 31, 2017 (In ₹) |
|--|-------|-----------------------------------|-----------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipment | 5.1 | 57,529 | - |
| | | 57,529 | - |
| Financial assets | | | |
| - Investments | 6 | - | - |
| - Loans | 7 | 208,544,000 | 207,520,000 |
| | | 208,601,529 | 207,520,000 |
| Current assets | | | |
| Financial Assets | | | |
| - Trade receivables | 8 | 10,255,431 | 55,223,078 |
| - Cash and cash equivalents | 9 | 97,933,056 | 106,031,481 |
| - Loans | 10 | 2,315,603 | 1,780,751 |
| - Other financial assets | 11 | 1,727,070 | 433,260 |
| Current tax assets (net) | | 6,728,109 | - |
| Other current assets | 12 | 86,859,349 | 113,487,884 |
| | | 205,818,618 | 276,956,454 |
| TOTAL | | 414,420,147 | 484,476,454 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Equity share capital | 4 | 15,503,532 | 15,503,532 |
| Other equity | | 268,883,324 | 281,102,934 |
| | | 284,386,856 | 296,606,466 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Financial liabilities | | | |
| - Trade payables | 13 | 17,053,506 | 37,878,459 |
| - Other financial liabilities | 14 | 145,371 | - |
| Other current liabilities | 15 | 110,932,400 | 141,849,047 |
| Provisions | 16 | 1,902,014 | - |
| Current tax liabilities (net) | | - | 8,142,482 |
| | | 130,033,291 | 187,869,988 |
| TOTAL | | 414,420,147 | 484,476,454 |
| Summary of significant accounting policies | 3 | | |

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

As per our report of even date

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

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

per C. K. Joshi
Partner
Membership no. 030428

Azlin Ghazali
Director

John Ryan
Director

Place: Pune
Date : April 23, 2018

Place: Kuala Lumpur
Date : April 23, 2018

Place: Singapore
Date : April 23, 2018

Persistent Systems Pte Ltd.**CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2018**

| | Notes | For the quarter ended | | For the year ended | |
|---|-------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | March 31, 2018 (In ₹) | March 31, 2017 (In ₹) | March 31, 2018 (In ₹) | March 31, 2017 (In ₹) |
| Income | | | | | |
| Revenue from operations (net) | 17 | 48,069,014 | 162,114,872 | 299,721,640 | 401,285,888 |
| Other income | 18 | 1,904,498 | 1,629,609 | 7,282,005 | 26,199,603 |
| Total income (A) | | 49,973,512 | 163,744,481 | 307,003,645 | 427,485,491 |
| Expenses | | | | | |
| Employee benefits expense | 19.1 | 3,260,651 | (2,193,174) | 9,798,755 | 7,716,437 |
| Cost of technical professionals | 19.2 | 45,873,558 | 81,340,455 | 195,999,078 | 244,743,700 |
| Depreciation and amortization expense | 5.2 | 6,024 | (214) | 16,987 | 16,542 |
| Other expenses | 20 | 14,923,271 | 73,332,317 | 80,492,646 | 89,129,307 |
| Total expenses (B) | | 64,063,504 | 152,479,384 | 286,307,466 | 341,605,986 |
| Profit before tax (A - B) | | (14,089,992) | 11,265,097 | 20,696,179 | 85,879,505 |
| Tax expense | | | | | |
| Current tax | | (2,627,771) | 1,726,968 | 1,662,206 | 12,254,067 |
| Tax charge in respect of earlier years | | 3,863,737 | 109,144 | 3,863,737 | 633,155 |
| Total tax expense | | 1,235,966 | 1,836,112 | 5,525,943 | 12,887,222 |
| Net profit for the period / year (C) | | (15,325,958) | 9,428,985 | 15,170,236 | 72,992,283 |
| Other comprehensive income | | | | | |
| Items that will not be reclassified to profit or loss (D) | | | | | |
| Items that may be reclassified to profit or loss (E) | | | | | |
| - Exchange differences in translating the financial statements from functional currency to reporting currency | | 12,629,763 | (2,903,440) | 22,430,554 | (16,331,932) |
| | | 12,629,763 | (2,903,440) | 22,430,554 | (16,331,932) |
| Total comprehensive income for the period / year (C) + (D) + (E) | | (2,696,195) | 6,525,545 | 37,600,790 | 56,660,351 |
| Earnings per equity share | | | | | |
| [nominal value of share S\$ 1 (Corresponding period / Previous year: S\$ 1)] | 21 | | | | |
| Basic (In ₹) | | (30.65) | 18.86 | 30.34 | 145.98 |
| Diluted (In ₹) | | (30.65) | 18.86 | 30.34 | 145.98 |
| 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
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Chartered Accountants

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

per C. K. Joshi
Partner
Membership no. 030428

Azlin Ghazali
Director

John Ryan
Director

Place: Pune
Date : April 23, 2018

Place: Kuala Lumpur
Date : April 23, 2018

Place: Singapore
Date : April 23, 2018

Persistent Systems Pte Ltd.**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

| | For the year ended | |
|--|--------------------------|--------------------------|
| | March 31, 2018 (In ₹) | March 31, 2017 (In ₹) |
| Cash flow from operating activities | | |
| Profit before tax | 20,696,179 | 85,879,505 |
| Adjustments for: | | |
| Interest income | (7,282,005) | (7,127,484) |
| Depreciation and amortization expense | 16,987 | 16,542 |
| Unrealised exchange loss/ (gain) (net) | (3,314,546) | (12,317,645) |
| Change in foreign currency translation reserve | 20,987,612 | (13,392,762) |
| Exchange loss/ (gain) on translation of foreign currency cash and cash equivalents | 5,595,576 | (365,036) |
| Bad debts | 474,839 | 696,792 |
| Provision for doubtful receivables (net) | 116,688 | (696,792) |
| Operating profit before working capital changes | 37,291,330 | 52,693,120 |
| Movements in working capital : | | |
| (Increase) / Decrease in trade receivables | 47,690,650 | 2,554,473 |
| Decrease in other current assets | 25,334,745 | 925,454 |
| (Increase) / Decrease in loans and advances | (329,720) | 44,064,177 |
| (Decrease) in trade payables and current liabilities | (51,596,233) | (6,164,007) |
| (Decrease) in provisions | 1,902,014 | (7,849,859) |
| Operating (loss) / profit after working capital changes | 60,292,786 | 86,223,358 |
| Direct taxes paid (net of refunds) | (20,072,806) | (16,552,573) |
| Net cash generated from operating activities (A) | 40,219,980 | 69,670,785 |
| Cash flows from investing activities | | |
| Payment towards capital expenditure | (72,707) | - |
| Inter corporate deposit (given) / repaid | - | (73,302,616) |
| Interest received | 7,170,278 | 3,022,931 |
| Net cash (used in) investing activities (B) | 7,097,571 | (70,279,685) |
| Cash flows from financing activities | | |
| Dividend paid | (49,820,400) | - |
| Net cash (used in) financing activities (C) | (49,820,400) | - |

| | For the year ended | |
|---|--------------------------|--------------------------|
| | March 31, 2018 (In ₹) | March 31, 2017 (In ₹) |
| Net (decrease) / increase in cash and cash equivalents (A + B + C) | (2,502,849) | (608,900) |
| Cash and cash equivalents at the beginning of the year | 106,031,481 | 106,275,345 |
| Effect of exchange difference on translation of foreign cash and cash equivalents | (5,595,576) | 365,036 |
| Cash and cash equivalents at the end of the year | 97,933,056 | 106,031,481 |
| Components of cash and cash equivalents | | |
| Cash on hand | - | - |
| Balances with banks | | |
| On current accounts | 97,933,056 | 106,031,481 |
| Cash and cash equivalents as per note 9 | 97,933,056 | 106,031,481 |

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

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Firm registration no. 104370W
Chartered Accountants

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

per C. K. Joshi
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Place: Pune
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Date : April 23, 2018

Place: Singapore
Date : April 23, 2018

Persistent Systems Pte Ltd.**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018****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 March 31, 2018 |
|------------------------------------|--|-------------------------------------|
| | | |
| 15,503,532 | - | 15,503,532 |

(In ₹)

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

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Persistent Systems Pte Ltd.**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018****B. Other equity**

(In ₹)

| Particulars | <u>Reserves and surplus</u> | <u>Items of other comprehensive income</u> | Total |
|---|-----------------------------|--|--------------------|
| | Retained earnings | Exchange differences on translating the financial statements | |
| Balance as at April 1, 2017 | 285,383,888 | (4,280,954) | 281,102,934 |
| Net profit for the year | 15,170,236 | - | 15,170,236 |
| Interim dividend | (49,820,400) | | (49,820,400) |
| Other comprehensive income for the period | - | 22,430,554 | 22,430,554 |
| Balance at March 31, 2018 | 250,733,724 | 18,149,600 | 268,883,324 |

(In ₹)

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

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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Place: Pune
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Place: Kuala Lumpur
Date : April 23, 2018

Place: Singapore
Date : April 23, 2018

1. Nature of operations

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

2. Basis of preparation

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

Statement of compliance

These financial statements have been prepared in accordance with Ind AS 34 Interim Financial Reporting for the quarter and year ended March 31, 2018 as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

3. Summary of significant accounting policies**(a) Accounting year**

The accounting year of the Company is from April 01 to March 31.

(b) Functional currency

The Company's functional currency is Singapore dollar (SGD)

(c) Use of estimates

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

Critical accounting estimates**i) Revenue recognition**

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

ii) Income taxes

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

iii) Property, plant and equipment

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

iv) Provisions

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

(d) Property, Plant and Equipment

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

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

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

(e) Intangible assets

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

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

Research and development cost

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

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

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

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

(f) Depreciation and amortization

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

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

| Assets | Useful lives |
|---------------|---------------------|
| Computers | 3 years |

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

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

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

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

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

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

(h) Financial Instruments

i) Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

- Financial assets at amortized cost

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

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

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

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

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

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ii) Financial liabilities*Initial recognition and measurement*

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

Subsequent measurement

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

- Financial liabilities at amortized cost

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

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

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

iii) Impairment**i) Financial assets**

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

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

ii) Non-financial assets

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

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

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

This space is intentionally left blank

(i) Borrowing costs

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

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

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

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

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

(k) Revenue recognition

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

(i) Income from software services

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

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

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

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

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

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

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

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

(ii) Interest

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

(iii) Dividend

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

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

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

Conversion

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

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

Settlement

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

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

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

(ii) Leave encashment

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

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

(n) Income taxes

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

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

Deferred tax liabilities are recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and,

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

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

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

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

(o) Earnings per share (EPS)

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

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

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

(p) Provisions

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

(q) Contingent liabilities

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

(r) Cash and cash equivalents

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

4. Share capital

| | As at March 31, 2018 In ₹ | As at March 31, 2017 In ₹ |
|--|--|--|
| Authorized shares (No.) | | |
| 500,000 Ordinary Shares of S\$ 1 each (previous year 500,000 Ordinary Shares of S\$ 1 each) | SGD 500,000 | SGD 500,000 |
| | SGD 500,000 | SGD 500,000 |
| Issued, subscribed and fully paid-up shares (No.) | | |
| 500,000 Ordinary Shares of S\$ 1 each (previous year 500,000 Ordinary Shares of S\$ 1 each) | 15,503,532 | 15,503,532 |
| Issued, subscribed and fully paid-up share capital | 15,503,532 | 15,503,532 |

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

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

| | (In ₹) | | | |
|---|---------------------------------|-------------------|---------------------------------|-------------------|
| | As at March 31, 2018 | | As at March 31, 2017 | |
| | No of shares | Amount | No of shares | Amount |
| Number of shares at the beginning of the period / year | 500,000 | 15,503,532 | 500,000 | 15,503,532 |
| Add : Issued during the period / year | - | - | - | - |
| Number of shares at the end of the period / year | 500,000 | 15,503,532 | 500,000 | 15,503,532 |

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Persistent Systems Pte Ltd.**Notes forming part of condensed financial statements****5.1 Property, Plant and Equipment**

| | (In ₹) | |
|---|----------------|----------------|
| | Computers | Total |
| Gross block (At cost) | | |
| As at April 1, 2017 | 47,524 | 47,524 |
| Additions | 72,707 | 72,707 |
| Disposals | - | - |
| Effect of foreign currency translation from functional currency to reporting currency | 6,106 | 6,106 |
| As at March 31, 2018 | 126,337 | 126,337 |
| Depreciation and amortization | | |
| As at April 1, 2017 | 47,524 | 47,524 |
| Charge for the year | 16,987 | 16,987 |
| Disposals | - | - |
| Effect of foreign currency translation from functional currency to reporting currency | 4,297 | 4,297 |
| As at March 31, 2018 | 68,808 | 68,808 |
| Net block | | |
| As at March 31, 2018 | 57,529 | 57,529 |
| As at March 31, 2017 | - | - |
| | | |
| | (In ₹) | |
| | Computers | Total |
| Gross block (At cost) | | |
| As at April 1, 2016 | 50,437 | 50,437 |
| Additions | - | - |
| Disposals | - | - |
| Effect of foreign currency translation from functional currency to reporting currency | (2,913) | (2,913) |
| As at March 31, 2017 | 47,524 | 47,524 |
| Depreciation and amortization | | |
| As at April 1, 2016 | 33,475 | 33,475 |
| Charge for the year | 16,542 | 16,542 |
| Disposals | - | - |
| Effect of foreign currency translation from functional currency to reporting currency | (2,493) | (2,493) |
| As at March 31, 2017 | 47,524 | 47,524 |
| Net block | | |
| As at March 31, 2017 | - | - |
| As at March 31, 2016 | 16,962 | 16,962 |

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Persistent Systems Pte Ltd.

Notes forming part of condensed financial statements

5.2. Depreciation and amortization

| | For the quarter ended | | For the year ended | |
|----------------------------------|-----------------------|----------------|--------------------|----------------|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| On Property, Plant and Equipment | 6,024 | (214) | 16,987 | 16,542 |
| | 6,024 | (214) | 16,987 | 16,542 |

6. Non-current financial assets : Investments

| | As at March 31, 2018 (In ₹) | As at March 31, 2017 (In ₹) |
|---|-----------------------------------|-----------------------------------|
| Investments designated as Fair Value through Profit and Loss | | |
| Unquoted Investments | | |
| (i) Investments in Equity Instruments | | |
| Others* | | |
| Ciqua Limited [Holding 2.38% (Previous year 2.38%)] | | |
| 42,857 (Previous year: 42,857) shares of GBP 0.01 each, fully paid up | 13,491,364 | 12,571,673 |
| Less : Provision for diminution in value of investment | (13,491,364) | (12,571,673) |
| Total carrying amount of investments | - | - |
| Aggregate amount of diminution in value of investments | 13,491,364 | 12,571,673 |
| Aggregate amount of unquoted investments | 13,491,364 | 12,571,673 |

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

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

| | As at March 31, 2018 (In ₹) | As at March 31, 2017 (In ₹) |
|------------------------------------|-----------------------------------|-----------------------------------|
| Carried at amortized cost | | |
| Other loans and advances | | |
| Loan to related parties | | |
| Unsecured, considered good | | |
| -Persistent Telecom Solutions Inc. | 208,544,000 | 207,520,000 |
| | 208,544,000 | 207,520,000 |

8. Trade receivables

| | As at March 31, 2018 (In ₹) | As at March 31, 2017 (In ₹) |
|---|-----------------------------------|-----------------------------------|
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Unsecured, considered good | | - |
| Unsecured, considered doubtful | 219,298 | 98,901 |
| | 219,298 | 98,901 |
| Less : Provision for doubtful receivables | (219,298) | (98,901) |
| | - | - |
| Others | | |
| Unsecured, considered good | 10,255,431 | 55,223,078 |
| Unsecured, considered doubtful | - | - |
| | 10,255,431 | 55,223,078 |
| Less : Provision for doubtful receivables | - | - |
| | 10,255,431 | 55,223,078 |

9. Cash and cash equivalents

| | As at March 31, 2018 (In ₹) | As at March 31, 2017 (In ₹) |
|--|-----------------------------------|-----------------------------------|
| Cash and cash equivalents as presented in cash flow statement | | |
| Balances with banks | | |
| On current accounts | 97,933,056 | 106,031,481 |
| | 97,933,056 | 106,031,481 |

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

| | As at March 31, 2018 (In ₹) | As at March 31, 2017 (In ₹) |
|--------------------------------------|-----------------------------------|-----------------------------------|
| Carried at amortised costs | | |
| Interest accrued but not due on loan | | |
| - Persistent Telecom Solutions Inc. | 1,939,459 | 1,734,327 |
| | 1,939,459 | 1,734,327 |

Security Deposits

| | | |
|----------------------------|------------------|------------------|
| Unsecured, considered good | 376,144 | 46,424 |
| | 376,144 | 46,424 |
| | 2,315,603 | 1,780,751 |

11. Other current financial assets

| | As at March 31, 2018 (In ₹) | As at March 31, 2017 (In ₹) |
|--|-----------------------------------|-----------------------------------|
| Advance to related parties (Unsecured, considered good) | | |
| - Persistent Systems Limited | - | 109,010 |
| | - | 109,010 |
| Unbilled revenue | 1,727,070 | 324,250 |
| | 1,727,070 | 324,250 |
| | 1,727,070 | 433,260 |

12. Other current assets

| | As at March 31, 2018 (In ₹) | As at March 31, 2017 (In ₹) |
|--|-----------------------------------|-----------------------------------|
| Advances to related parties (Unsecured, considered good) | | |
| Advances recoverable in cash or kind or for value to be received | | |
| - Persistent Systems Inc. | 84,889,399 | 110,637,537 |
| - Persistent Telecom Solutions Inc. | 1,260,323 | 2,574,934 |
| | 86,149,722 | 113,212,471 |
| Advances to suppliers (Unsecured, considered good) | | |
| Advances recoverable in cash or kind or for value to be received | 709,627 | 275,413 |
| | 709,627 | 275,413 |
| | 86,859,349 | 113,487,884 |

Persistent Systems Pte Ltd.**Notes forming part of condensed financial statements****13. Trade payables**

| | As at March 31, 2018 (In ₹) | As at March 31, 2017 (In ₹) |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Trade payables for goods and services | 17,053,506 | 37,878,459 |
| | 17,053,506 | 37,878,459 |

14. Other financial liabilities

| | As at March 31, 2018 (In ₹) | As at March 31, 2017 (In ₹) |
|--|-----------------------------------|-----------------------------------|
| Advance from related parties (Unsecured, considered good) | | |
| -Persistent Systems Limited | 145,371 | - |
| | 145,371 | - |

15. Other current liabilities

| | As at March 31, 2018 (In ₹) | As at March 31, 2017 (In ₹) |
|-------------------------|-----------------------------------|-----------------------------------|
| Advance from customers | 3,178,695 | - |
| Other payables | | |
| - Statutory liabilities | 15,992 | 14,577 |
| - Unearned revenue | 107,687,174 | 141,538,596 |
| GST payable (net) | 50,539 | 295,874 |
| | 110,932,400 | 141,849,047 |

16. Current liabilities : Provisions

| | As at March 31, 2018 (In ₹) | As at March 31, 2017 (In ₹) |
|---------------------------------|-----------------------------------|-----------------------------------|
| Provision for employee benefits | | |
| - Other employee benefits | 1,902,014 | - |
| | 1,902,014 | - |

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17. Revenue from operations (net)

| | For the quarter ended | | For the year ended | |
|-------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | March 31, 2018 (In ₹) | March 31, 2017 (In ₹) | March 31, 2018 (In ₹) | March 31, 2017 (In ₹) |
| Software services | 44,194,004 | 75,967,702 | 245,725,137 | 285,808,692 |
| Software licenses | 3,875,010 | 86,147,170 | 53,996,503 | 115,477,196 |
| | 48,069,014 | 162,114,872 | 299,721,640 | 401,285,888 |

18. Other income

| | For the quarter ended | | For the year ended | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | March 31, 2018 (In ₹) | March 31, 2017 (In ₹) | March 31, 2018 (In ₹) | March 31, 2017 (In ₹) |
| Interest income | | | | |
| On others | 1,904,498 | 1,726,639 | 7,282,005 | 7,127,484 |
| Foreign exchange gain (net) | - | - | - | 11,529,667 |
| Excess provision written back in respect of earlier period / year | - | (97,030) | - | 7,542,452 |
| | 1,904,498 | 1,629,609 | 7,282,005 | 26,199,603 |

19. Personnel expenses

| | For the quarter ended | | For the year ended | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | March 31, 2018 (In ₹) | March 31, 2017 (In ₹) | March 31, 2018 (In ₹) | March 31, 2017 (In ₹) |
| 19.1 Employee benefits expense | | | | |
| Salaries, wages and bonus | 3,153,769 | (2,307,258) | 9,268,027 | 6,955,999 |
| Defined contribution to other funds | 3,063 | 289 | 9,838 | 166,653 |
| Staff welfare and benefits | 103,819 | 126,940 | 520,890 | 593,785 |
| Employee stock option expenses | - | (13,145) | - | - |
| | 3,260,651 | (2,193,174) | 9,798,755 | 7,716,437 |
| 19.2 Cost of technical professionals | | | | |
| Technical professionals - related parties | 45,873,558 | 81,340,455 | 195,999,078 | 244,743,700 |
| | 45,873,558 | 81,340,455 | 195,999,078 | 244,743,700 |
| | 49,134,209 | 79,147,281 | 205,797,833 | 252,460,137 |

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20. Other expenses

| | For the quarter ended | | For the year ended | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | March 31, 2018 (In ₹) | March 31, 2017 (In ₹) | March 31, 2018 (In ₹) | March 31, 2017 (In ₹) |
| Travelling and conveyance | 113,018 | 323,092 | 584,912 | 805,115 |
| Communication expenses | 17,015 | (1,033) | 54,656 | 80,365 |
| Purchase of software licenses and support expenses | 4,694,517 | 45,792,149 | 41,227,705 | 70,391,523 |
| Bad debts | 440,473 | 696,792 | 474,839 | 696,792 |
| Provision for doubtful receivables/ (provision for doubtful receivables written back) (net) | (340,994) | (696,792) | 116,688 | (696,792) |
| Rent | 359,608 | - | 1,406,044 | - |
| Legal and professional fees | 332,291 | 1,398,520 | 2,911,781 | 6,205,839 |
| Commission on sales | 1,930,699 | 10,333,581 | 11,686,390 | 10,431,060 |
| Advertisement and sponsorship fees | - | (168) | - | 13,112 |
| Auditor's remuneration | 65,456 | 154,395 | 537,666 | 639,030 |
| Books, memberships, subscriptions | 3,623 | 3,409 | 14,258 | 14,944 |
| Foreign exchange loss (net) | 7,204,003 | 15,138,674 | 21,034,789 | - |
| Miscellaneous expenses | 103,562 | 189,698 | 442,918 | 548,319 |
| | 14,923,271 | 73,332,317 | 80,492,646 | 89,129,307 |

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Persistent Systems Pte Ltd.**Notes forming part of condensed financial statements****21. Earnings per share**

| | | For the quarter ended | | For the year ended | |
|--|--------------|-----------------------|----------------|--------------------|----------------|
| | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| <u>Numerator for Basic and Diluted EPS</u> | | | | | |
| Net Profit after tax (In ₹) | (A) | (15,325,958) | 9,428,985 | 15,170,236 | 72,992,283 |
| <u>Denominator for Basic EPS</u> | | | | | |
| Weighted average number of equity shares of S\$ 1 each | (B) | 500,000 | 500,000 | 500,000 | 500,000 |
| <u>Denominator for Diluted EPS</u> | | | | | |
| Number of equity shares | (C) | 500,000 | 500,000 | 500,000 | 500,000 |
| Basic Earnings per share of S\$ 1 each (In ₹) | (A/B) | (30.65) | 18.86 | 30.34 | 145.98 |
| Diluted Earnings per share of S\$ 1 each (In ₹) | (A/C) | (30.65) | 18.86 | 30.34 | 145.98 |

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22. Contingent liabilities

The Company does not have any contingent liability as on March 31, 2018 (previous year ₹ Nil).

23. Despite of Persistent Telecom Solutions Inc. having negative networth, the dues receivable from it are considered good based on the financial support by the holding or ultimate holding company.

24. Previous year's figures have been regrouped where necessary to conform to current year's classification.

As per our report of even date

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

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

per C.K. Joshi
Partner
Membership No.030428
Place: Pune
Date: April 23, 2018

Azlin Ghazali
Director
Place: Kuala Lumpur
Date: April 23, 2018

Mr. John Ryan
Director
Place: Singapore
Date: April 23, 2018
