Persistent Systems Pte Ltd.

CONDENSED BALANCE SHEET AS AT MARCH 31, 2019

	Notes	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
ASSETS			
Non-current assets			
Property, Plant and Equipment	5.1	-	57,529
		-	**57,529**
Financial assets			
- Investments	6	-	-
- Loans	7	193,184,120	208,544,000
		193,184,120	**208,601,529**
Current assets			
Financial Assets			
- Trade receivables	8	5,071,216	10,255,431
- Cash and cash equivalents	9	62,827,418	97,933,056
- Loans	10	30,466,172	2,315,603
- Other financial assets	11	-	1,727,070
Current tax assets (net)		291,643	6,728,109
Other current assets	12	889,779	86,859,349
		99,546,228	**205,818,618**
TOTAL		**292,730,348**	**414,420,147**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4	15,503,532	15,503,532
Other equity		261,925,923	268,883,324
		277,429,455	**284,386,856**
LIABILITIES			
Current liabilities			
Financial liabilities			
- Trade payables	13	11,215,849	17,053,506
- Other financial liabilities	14	106,638	145,371
Other current liabilities	15	614,182	110,932,400
Provisions	16	3,364,224	1,902,014
		15,300,893	**130,033,291**
TOTAL		**292,730,348**	**414,420,147**
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

Place: Pune
Date : April 26, 2019

Azlin Ghazali
Director

Place: Kuala Lumpur
Date : April 26, 2019

John Ryan
Director

Place: Singapore
Date : April 26, 2019

Persistent Systems Pte Ltd.

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019

	Notes	For the quarter ended		For the year ended	
		March 31, 2019 (In ₹)	March 31, 2018 (In ₹)	March 31, 2019 (In ₹)	March 31, 2018 (In ₹)
Income					
Revenue from operations (net)	17	29,002,401	48,069,014	125,771,701	299,721,640
Other income	18	2,552,358	1,904,498	20,103,261	7,282,005
Total income (A)		**31,554,759**	**49,973,512**	**145,874,962**	**307,003,645**
Expenses					
Employee benefits expense	19.1	847,241	3,260,651	11,571,291	9,798,755
Cost of technical professionals	19.2	28,256,475	45,873,558	95,080,108	195,999,078
Depreciation and amortization expense	5.2	2,219	6,024	21,558	16,987
Other expenses	20	4,023,447	14,923,271	18,440,990	80,492,646
Total expenses (B)		**33,129,382**	**64,063,504**	**125,113,947**	**286,307,466**
Profit before tax (A - B)		**(1,574,623)**	**(14,089,992)**	**20,761,015**	**20,696,179**
Tax expense					
Current tax		(26,054)	(2,627,771)	906,383	1,662,206
Tax charge in respect of earlier years		14,659	3,863,737	8,053,500	3,863,737
Total tax expense		**(11,395)**	**1,235,966**	**8,959,883**	**5,525,943**
Net profit for the period / year (C)		**(1,563,228)**	**(15,325,958)**	**11,801,132**	**15,170,236**
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		(1,430,071)	12,629,763	6,743,317	22,430,554
		(1,430,071)	**12,629,763**	**6,743,317**	**22,430,554**
Total comprehensive income for the period / year (C) + (D) + (E)		**(2,993,299)**	**(2,696,195)**	**18,544,449**	**37,600,790**
Earnings per equity share [nominal value of share S$ 1 (Corresponding period / Previous year: S$ 1)]	21				
Basic (In ₹)		(3.13)	(30.65)	23.60	30.34
Diluted (In ₹)		(3.13)	(30.65)	23.60	30.34
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
Date : April 26, 2019

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 26, 2019

Azlin Ghazali
Director

Place: Kuala Lumpur
Date : April 26, 2019

John Ryan
Director

Place: Singapore
Date : April 26, 2019

Persistent Systems Pte Ltd.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

		For the year ended	
		March 31, 2019 (In ₹)	**March 31, 2018 (In ₹)**
Cash flow from operating activities			
Profit before tax		**20,761,015**	**20,696,179**
Adjustments for:			
Interest income		(8,951,222)	(7,282,005)
Depreciation and amortization expense		21,558	16,987
Unrealised exchange loss/ (gain) (net)		141,840	(3,314,546)
Change in foreign currency translation reserve		21,858,162	20,987,612
Exchange loss/ (gain) on translation of foreign currency cash and cash equivalents		(2,949,451)	5,595,576
Bad debts		285,193	474,839
Provision for doubtful receivables (net)		(219,718)	116,688
Operating (loss) / profit before working capital changes		**30,947,377**	**37,291,330**
Movements in working capital :			
Decrease / (increase) in trade receivables		4,960,799	47,690,650
Decrease in other current assets		87,696,640	25,334,745
Decrease / (increase) in loans and advances		(27,810,249)	(329,720)
(Decrease) in trade payables and current liabilities		(116,194,611)	(51,596,233)
Increase in provisions		1,462,210	1,902,014
Operating (loss) / profit after working capital changes		**(18,937,834)**	**60,292,786**
Direct taxes paid (net of refunds)		(2,446,329)	(20,072,806)
Net cash generated from operating activities	**(A)**	**(21,384,163)**	**40,219,980**
Cash flows from investing activities			
Payment towards capital expenditure		39,967	(72,707)
Inter corporate deposit (given) / repaid		-	-
Interest received		8,790,957	7,170,278
Net cash generated from investing activities	**(B)**	**8,830,924**	**7,097,571**
Cash flows from financing activities			
Dividend paid		(25,501,850)	(49,820,400)
Net cash (used in) financing activities	**(C)**	**(25,501,850)**	**(49,820,400)**

	For the year ended	
	March 31, 2019 (In ₹)	**March 31, 2018 (In ₹)**
Net (decrease) in cash and cash equivalents (A + B + C)	(38,055,089)	(2,502,849)
Cash and cash equivalents at the beginning of the period / year	97,933,056	106,031,481
Effect of exchange difference on translation of foreign cash and cash equivalents	2,949,451	(5,595,576)
Cash and cash equivalents at the end of the period / year	**62,827,418**	**97,933,056**
Components of cash and cash equivalents		
Cash on hand	-	-
Balances with banks		
On current accounts	62,827,418	97,933,056
Cash and cash equivalents as per note 9	**62,827,418**	**97,933,056**

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

For 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 26, 2019

Azlin Ghazali
Director

Place: Kuala Lumpur
Date : April 26, 2019

John Ryan
Director

Place: Singapore
Date : April 26, 2019

Persistent Systems Pte Ltd.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

A. Equity share capital (Refer note 4)

(In ₹)

Balance as at April 1, 2018	Changes in equity share capital during the period	Balance as at March 31, 2019
15,503,532	-	15,503,532

(In ₹)

Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
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, 2019

B. Other equity

(In ₹)

Particulars	Reserves and surplus	Items of other comprehensive income	Total
	Retained earnings	Exchange differences on translating the financial statements	
Balance as at April 1, 2018	250,733,724	18,149,600	268,883,324
Net profit for the period / year	11,801,132	-	11,801,132
Interim Dividend	(25,501,850)	-	(25,501,850)
Other comprehensive income for the period	-	6,743,317	6,743,317
Balance at March 31, 2019	**237,033,006**	**24,892,917**	**261,925,923**

(In ₹)

Particulars	Reserves and surplus	Items of other comprehensive income	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 period / year	15,170,236	-	15,170,236
Interim dividend	(49,820,400)	-	(49,820,400)
Other comprehensive income for the year	-	22,430,554	22,430,554
Balance at March 31, 2018	**250,733,724**	**18,149,600**	**268,883,324**

Nature and purpose of reserves

a) Foreign currency translation reserve

The exchange differences arising from the translation of financial statements with functional currency other than Indian rupees is recognised in other comprehensive income, net of taxes and is presented within equity in the foreign currency translation reserve.

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

For 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 26, 2019

Azlin Ghazali
Director

Place: Kuala Lumpur
Date : April 26, 2019

John Ryan
Director

Place: Singapore
Date : April 26, 2019

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. Historical cost is generally based on the fair value of consideration given in exchange of goods and services. The accounting policies are consistently applied by the Company during the year and are consistent with those used in previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Statement of compliance

These financial statements have been prepared in accordance with Ind AS 34 Interim Financial Reporting for the quarter and year ended March 31, 2019 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 judgements, 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.

Further, the Company uses significant judgement while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

In respect of the contracts where the transaction price is payable as royalty at pre-defined percentage of customer revenue and bearing in mind, the time gap between the close of the accounting period and availability of the revenue report from the customer, the Company is required to use its judgement to ascertain the income from royalty on the basis of historical trends of customer revenue

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) Financial Instruments

i) Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial assets at amortized cost**

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

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

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

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

  Any financial 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.

Derecognition

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

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

ii) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial liabilities at amortized cost**

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

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

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

Derecognition

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

iii) Impairment

i) Financial assets

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

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

ii) Non-financial assets

The carrying amounts of Property, Plant and Equipment 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 unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

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 fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(h) 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.

Amendment to Ind AS 23 Borrowing costs: The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact related to this amendment.

(i) 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.

Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

• Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

• Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

• Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or

• An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.The effect on adoption of Ind AS 116 is expected to be insignificant.

(j) 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 and products

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

The company derives revenues primarily from IT services comprising of software development and related services and from the licensing of software products.

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

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

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

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

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

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

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

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized.
The Company collects Goods and service tax (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.

(k) 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".

Exchange Difference

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.

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

(l) 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.

Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

Amendment to Ind AS 19: plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

(m) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the 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.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.
The effect on adoption of Ind AS 12 Appendix C would be insignificant in the financial statements.

Amendment to Ind AS 12 – Income taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.
The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.
Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the financial statements.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

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4. Share capital

(In ₹)

	As at March 31, 2019 In ₹	As at March 31, 2018 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, 2019		As at March 31, 2018	
	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, 2018	126,337	126,337
Additions	-	-
Disposals	79,772	79,772
Effect of foreign currency translation from functional currency to reporting currency	5,647	5,647
As at March 31, 2019	**52,212**	**52,212**
Depreciation and amortization		
As at April 1, 2018	68,808	68,808
Charge for the period / year	21,558	21,558
Disposals	39,805	39,805
Effect of foreign currency translation from functional currency to reporting currency	1,651	1,651
As at March 31, 2019	**52,212**	**52,212**
Net block		
As at March 31, 2019	**-**	**-**
As at March 31, 2018	**57,529**	**57,529**

(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	**-**	**-**

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Notes forming part of condensed financial statements

5.2. Depreciation and amortization

	For the quarter ended		For the year ended	
	March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
	(In ₹)	**(In ₹)**	**(In ₹)**	**(In ₹)**
On Property, Plant and Equipment	2,219	6,024	21,558	16,987
	2,219	**6,024**	**21,558**	**16,987**

6. Non-current financial assets : Investments

	As at	As at
	March 31, 2019	**March 31, 2018**
	(In ₹)	**(In ₹)**
Investments designated as Fair Value through Profit and Loss		
Unquoted Investments		
(i) Investments in Equity Instruments		
Others*		
Ciqual Limited [Holding 2.38% (Corresponding period / Previous year 2.38%)]		
42,857 (Corresponding period / Previous year: 42,857) shares of GBP	13,811,802	13,491,364
Less : Provision for diminution in value of investment	(13,811,802)	(13,491,364)
Total carrying amount of investments	-	-
Aggregate amount of diminution in value of investments	13,811,802	13,491,364
Aggregate amount of unquoted investments	13,811,802	13,491,364

* Investments, where the Company does not have joint-control or significant influence including situations where such joint-control or significant influence is intended

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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, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Carried at amortized cost		
Other loans and advances		
Loan to related parties		
Unsecured, considered good		
-Persistent Telecom Solutions Inc.	193,184,120	208,544,000
	193,184,120	**208,544,000**

8. Trade receivables

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, Credit impaired	-	219,298
	-	**219,298**
Less : Allowance for credit loss	-	(219,298)
	-	**-**
Others		
Unsecured, considered good	5,071,216	10,255,431
Unsecured, Credit impaired	-	-
	5,071,216	**10,255,431**
Less : Allowance for credit loss	-	-
	5,071,216	**10,255,431**
	5,071,216	**10,255,431**

9. Cash and cash equivalents

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Cash and cash equivalents as presented in cash flow statement		
Balances with banks		
On current accounts	62,827,418	97,933,056
	62,827,418	**97,933,056**

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10. Current financial assets : Loans

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Carried at amortised costs		
Loan to related parties (Unsecured, considered good)		
- Persistent Telecom Solutions Inc.	27,967,880	-
Add: Interest accrued but not due on loan	2,263,675	1,939,459
	30,231,555	**1,939,459**
Security Deposits		
Unsecured, considered good	234,617	376,144
	234,617	**376,144**
	30,466,172	**2,315,603**

11. Other current financial assets

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Unbilled revenue	-	1,727,070
	-	**1,727,070**

12. Other current assets

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Advances to related parties (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received		
- Persistent Systems Inc.	303,946	84,889,399
- Persistent Telecom Solutions Inc.	-	1,260,323
	303,946	**86,149,722**
Advances to suppliers (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	585,833	709,627
	585,833	**709,627**
	889,779	**86,859,349**

Persistent Systems Pte Ltd.

Notes forming part of condensed financial statements

13. Trade payables

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Trade payables for goods and services	11,215,849	17,053,506
	11,215,849	**17,053,506**

14. Other financial liabilities

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Advance from related parties (Unsecured, considered good)		
-Persistent Systems Limited	106,638	145,371
Others		
Accrued employee liabilities	-	-
	106,638	**145,371**

15. Other current liabilities

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Advance from customers	-	3,178,695
Other payables		
- Statutory liabilities	234,262	15,992
- Unearned revenue	379,920	107,687,174
GST payable (net)	-	50,539
	614,182	**110,932,400**

16. Current liabilities : Provisions

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Provision for employee benefits		
- Other employee benefits	3,364,224	1,902,014
	3,364,224	**1,902,014**

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Persistent Systems Pte Ltd.
Notes forming part of condensed financial statements

17. Revenue from operations (net)

	For the quarter ended		For the year ended	
	March 31, 2019 (In ₹)	March 31, 2018 (In ₹)	March 31, 2019 (In ₹)	March 31, 2018 (In ₹)
Software services	28,992,264	44,194,004	120,511,055	245,725,137
Software licenses	10,137	3,875,010	5,260,646	53,996,503
	29,002,401	**48,069,014**	**125,771,701**	**299,721,640**

18. Other income

	For the quarter ended		For the year ended	
	March 31, 2019 (In ₹)	March 31, 2018 (In ₹)	March 31, 2019 (In ₹)	March 31, 2018 (In ₹)
Interest income				
On others	2,277,983	1,904,498	8,951,222	7,282,005
Foreign exchange gain (net)	-	-	10,877,664	-
Excess provision written back in respect of earlier period / year	274,375	-	274,375	-
	2,552,358	**1,904,498**	**20,103,261**	**7,282,005**

19. Personnel expenses

	For the quarter ended		For the year ended	
	March 31, 2019 (In ₹)	March 31, 2018 (In ₹)	March 31, 2019 (In ₹)	March 31, 2018 (In ₹)
19.1 Employee benefits expense				
Salaries, wages and bonus	690,165	3,153,769	10,805,219	9,268,027
Defined contribution to other funds	28,599	3,063	89,500	9,838
Staff welfare and benefits	128,477	103,819	676,572	520,890
	847,241	**3,260,651**	**11,571,291**	**9,798,755**
19.2 Cost of technical professionals				
Technical professionals - related parties	28,256,475	45,873,558	95,080,108	195,999,078
	28,256,475	**45,873,558**	**95,080,108**	**195,999,078**
	29,103,716	**49,134,209**	**106,651,399**	**205,797,833**

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Persistent Systems Pte Ltd.

Notes forming part of condensed financial statements

20. Other expenses

	For the quarter ended		For the year ended	
	March 31, 2019 (In ₹)	**March 31, 2018 (In ₹)**	**March 31, 2019 (In ₹)**	**March 31, 2018 (In ₹)**
Travelling and conveyance	977,555	113,018	3,123,191	584,912
Communication expenses	9,224	17,015	28,589	54,656
Purchase of software licenses and support expenses	134,105	4,694,517	5,036,304	41,227,705
Bad debts	518	440,473	285,193	474,839
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	(2,758,209)	(340,994)	(219,718)	116,688
Rent	372,079	359,608	1,656,412	1,406,044
Legal and professional fees	430,737	332,291	3,274,979	2,911,781
Commission on sales	-	1,930,699	-	11,686,390
Advertisement and sponsorship fees	3,213,730	-	4,274,092	-
Computer consumables	11,640	-	11,640	-
Auditor's remuneration	242,601	65,456	747,508	537,666
Books, memberships, subscriptions	3,796	3,623	15,315	14,258
Foreign exchange loss (net)	1,358,129	7,204,003	-	21,034,789
Miscellaneous expenses	27,542	103,562	207,485	442,918
	4,023,447	**14,923,271**	**18,440,990**	**80,492,646**

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21. Earnings per share

		For the quarter ended		For the year ended	
		March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Numerator for Basic and Diluted EPS					
Net Profit after tax (In ₹)	(A)	(1,563,228)	(15,325,958)	11,801,132	15,170,236
Denominator for Basic EPS					
Weighted average number of equity shares of S$ 1 each	(B)	500,000	500,000	500,000	500,000
Denominator for Diluted EPS					
Number of equity shares	(C)	500,000	500,000	500,000	500,000
Basic Earnings per share of S$ 1 each (In ₹)	(A/B)	**(3.13)**	**(30.65)**	**23.60**	**30.34**
Diluted Earnings per share of S$ 1 each (In ₹)	(A/C)	**(3.13)**	**(30.65)**	**23.60**	**30.34**

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22. Contingent liabilities

The Company does not have any contingent liability as on March 31, 2019 (previous period / 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 period / year's figures have been regrouped where necessary to conform to current period / 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 26, 2019	Azlin Ghazali Director Place: Kuala Lumpur Date: April 26, 2019	Mr. John Ryan Director Place: Singapore Date: April 26, 2019