Persistent Telecom Solutions Inc.

CONDENSED BALANCE SHEET AS AT MARCH 31, 2019

	Note	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
ASSETS			
Non-current assets			
Property, Plant and Equipment	5	1,908,900	884,322
Capital work-in-progress		-	-
Other Intangible assets	5	-	98,053,009
		1,908,900	**98,937,331**
Financial assets			
Deferred Tax Asset (Net)	6	157,948,417	154,207,991
		159,857,317	**253,145,322**
Current assets			
Trade receivables	7	323,479,967	335,562,285
Cash and cash equivalents	8	33,609,358	49,929,246
Other current financial assets	9	10,052,655	193,246,927
Other Current Assets	10	25,354,639	26,666,505
Current Tax Assets (Net)		32,219,184	28,151,516
		424,715,803	**633,556,479**
TOTAL		**584,573,120**	**886,701,801**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4	123	123
Other equity		(225,155,707)	(235,249,893)
		(225,155,584)	**(235,249,770)**
LIABILITIES			
Non- current liabilities			
Financial liabilities			
-Borrowings	11	290,262,000	342,142,500
		290,262,000	**342,142,500**
Current liabilities			
Financial liabilities			
-Borrowings	12	18,502,047	11,342,077
- Trade payables	13	258,360,714	404,541,559
- Other financial liabilities	14	19,995,415	88,173,869
Other current liabilities	15	148,827,038	183,887,728
Provisions	16	73,781,490	91,863,838
		519,466,704	**779,809,071**
TOTAL		**584,573,120**	**886,701,801**
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

per C.K. Joshi
Partner
Membership No.030428

Place: Pune
Date : April 25, 2019

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

Dr. Anand Deshpande
Director

Place: Pune
Date : April 25, 2019

Thomas Klein
Director

Place: Santa Clara
Date : April 25, 2019

Persistent Telecom Solutions Inc.

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

	Note	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	17	292,157,757	330,356,042	1,283,969,313	1,192,791,535
Other income	18	40,908	13,389	164,961	60,617
	(A)	**292,198,665**	**330,369,431**	**1,284,134,274**	**1,192,852,152**
Expenses					
Employee benefit expenses	19.1	88,416,284	104,753,390	471,311,553	530,380,484
Cost of technical professionals	19.2	87,016,145	61,050,163	374,840,805	260,919,601
Finance costs		2,685,060	2,455,411	12,108,812	9,174,151
Depreciation and amortization expense	5.1	18,902,937	26,473,889	106,415,528	112,748,785
Other expenses	20	68,054,018	83,215,312	288,040,234	317,010,182
	(B)	**265,074,444**	**277,948,165**	**1,252,716,932**	**1,230,233,203**
Profit/(Loss) before tax and exceptional items		**27,124,221**	**52,421,266**	**31,417,342**	**(37,381,051)**
Exceptional Item	21	-	11,079	-	(41,534,455)
Profit/(Loss) before tax		**27,124,221**	**52,410,187**	**31,417,342**	**4,153,404**
Tax expense					
Current tax		(17,630)	266,738	876,723	329,623
Tax (credit) / charge in respect of earlier years		904	(146,325)	291,006	(12,403,688)
Deferred tax (credit) / charge		4,668,724	9,009,354	5,647,974	95,187,882
Total tax expense		**4,651,998**	**9,129,767**	**6,815,703**	**83,113,817**
Net Profit/(Loss) after tax and exceptional items	**(C)**	**22,472,223**	**43,280,420**	**24,601,639**	**(78,960,413)**
Net Profit from discontinued operation	26	-	12,900,447	-	12,900,447
		-	-		
Tax expense for discontinued operations		-	4,386,152	-	4,386,152
Net Profit from discontinued operation after tax		**-**	**8,514,295**	**-**	**8,514,295**
Net Profit/(Loss) after tax, discontinued operation and exceptional items		**22,472,223**	**34,766,125**	**24,601,639**	**(87,474,708)**
Other comprehensive income					
Items that may be reclassified to profit or loss (D)					
- Exchange differences in translating the financial statements of foreign operations		2,086,553	(4,685,204)	(14,507,453)	(1,607,854)
		2,086,553	**(4,685,204)**	**(14,507,453)**	**(1,607,854)**
Total comprehensive income for the quarter/year (C) + (D)		**24,558,776**	**30,080,921**	**10,094,186**	**(89,082,562)**
Earnings per equity share [nominal value of share $ 0.001 (Corresponding period/ previous year $ 0.001)]	22				
Basic ₹		9,061.38	17,451.78	9,920.02	(31,838.88)
Diluted ₹		9,061.38	17,451.78	9,920.02	(31,838.88)
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

per C.K. Joshi
Partner
Membership No.030428

Place: Pune
Date : April 25, 2019

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

Dr. Anand Deshpande
Director

Place: Pune
Date : April 25, 2019

Thomas Klein
Director

Place: Santa Clara
Date : April 25, 2019

Persistent Telecom Solutions Inc.

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/(Loss) before tax		**31,417,342**	**4,153,404**
Adjustments for:			
Foreign Currency Translation Reserve		(2,331,725)	(6,867,361)
Finance Cost		12,108,812	9,174,151
Interest income		(72,619)	(58,815)
Depreciation and amortization expense		106,415,528	112,748,785
Bad debts written off		21,286,435	18,290,052
Provision for doubtful debts (net)		4,203,630	(8,593,264)
Discount received		(92,342)	-
Employee stock option expenses		-	460,099
Operating profit before working capital changes		**172,935,061**	**129,307,051**
Movements in working capital :			
Decrease/ (Increase) in trade receivables		(13,407,747)	(120,234,681)
Decrease/ (Increase) in other current assets		1,311,866	132,599,293
Decrease/(Increase) in loans and advances		183,194,272	(145,151,946)
Increase/ (Decrease) in trade payables and current liabilities		(177,201,455)	27,154,171
Increase/ (Decrease) in provisions		(18,082,348)	(5,554,224)
Operating profit after working capital changes		**148,749,649**	**18,119,664**
Direct taxes paid (net of refunds)		(3,533,434)	(10,526,227)
Net cash generated from / (used in) operating activities	**A**	**145,216,215**	**7,593,437**
Cash flows from investing activities			
(Payment for capital expenditure)/Sales proceeds from fixed assets		(2,259,176)	-
Interest received		72,619	58,815
Net cash generated from / (used in) investing activities	**B**	**(2,186,557)**	**58,815**
Cash flows from financing activities			
Proceeds / (Repayments) from long term borrowings		(149,452,909)	3,192,992
Interest paid		(9,896,637)	(5,018,659)
Net cash generated from / (used) in financing activities	**C**	**(159,349,546)**	**(1,825,667)**
Net increase / (decrease) in cash and cash equivalents **(A + B + C)**		(16,319,888)	5,826,585
Cash and cash equivalents at the beginning of the reporting period/year		49,929,246	44,102,661
Cash and cash equivalents at the end of the reporting period/year		**33,609,358**	**49,929,246**
Components of cash and cash equivalents		**March 31, 2019**	**March 31, 2018**
Balances with Banks		33,609,358	49,929,246
Cash and cash equivalents as per note 8		**33,609,358**	**49,929,246**
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

per C.K. Joshi
Partner
Membership No.030428

Place: Pune
Date : April 25, 2019

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

Dr. Anand Deshpande
Director

Place: Pune
Date : April 25, 2019

Thomas Klein
Director

Place: Santa Clara
Date : April 25, 2019

Persistent Telecom Solutions Inc.

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
123	-	123

(In ₹)

Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
123	-	123

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Persistent Telecom Solutions Inc.

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
	Securities premium reserve	Retained earnings	Exchange differences on translating the financial statements of foreign operations	Remeasurements of the defined benefit liabilities / asset	
Balance as at April 1, 2018	306,930,570	(638,023,696)	94,726,195	1,117,038	(235,249,893)
Net profit/(losses) for the period	-	24,601,639	-	-	24,601,639
Change during the period	-	-	(14,507,453)	-	(14,507,453)
Balance at March 31, 2019	**306,930,570**	**(613,422,057)**	**80,218,742**	**1,117,038**	**(225,155,707)**

(In ₹)

Particulars	Reserves and surplus		Items of other comprehensive income		Total
	Securities premium reserve	Retained earnings	Exchange differences on translating the financial statements of foreign operations	Remeasurements of the defined benefit liabilities / asset	
Balance as at April 1, 2017	306,930,570	(559,063,283)	96,334,049	1,117,038	(154,681,626)
Net profit/(losses) for the period	-	(78,960,413)	-	-	(78,960,413)
Change during the year	-	-	(1,607,854)	-	(1,607,854)
Balance at March 31, 2018	**306,930,570**	**(638,023,696)**	**94,726,195**	**1,117,038**	**(235,249,893)**

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

As per our report of even date

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

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

per C.K. Joshi
Partner
Membership No. 030428

Place: Pune
Date : April 25, 2019

Dr. Anand Deshpande
Director

Place: Pune
Date : April 25, 2019

Thomas Klein
Director

Place: Santa Clara
Date : April 25, 2019

1. Nature of operations

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

2. Basis of preparation

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

A. Accounting year

The accounting year of the company is from April 1 to March 31.

B. Functional currency

The company’s functional currency is the U.S. Dollar

C. Use of estimates

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

Critical accounting estimates

i. Revenue recognition

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

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 major tax jurisdictions is USA. Significant judgements are involved in determining the provision for income taxes.

iii. Property, plant and equipment

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

iv. Provisions

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

D. Property, Plant and Equipment

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

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

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

E. Intangible assets

a) Acquired Intangible assets

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

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

b) Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the company can demonstrate:
- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the asset;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

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

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

F. Depreciation and amortization

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

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

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

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

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

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

G. Financial Instruments

i) Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial assets at amortized cost**

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

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

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

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

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

ii) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial liabilities at amortized cost**

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

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

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

iii) Impairment

i) Financial assets

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

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

ii) Non-financial assets

The carrying amounts of Property, Plant and Equipment and Goodwill are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Company estimates the asset’s recoverable amount 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. 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. 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 period end even if there is no indication that the asset is impaired.

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

H. Impairment of Property, Plant and Equipment and Other intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

I. Borrowing Cost:

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

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.

J. Investments

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

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

K. Revenue recognition

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

The following specific recognition criteria must also be met before revenue is recognized:

i. Income from software licenses and services

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

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

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

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

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

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

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

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

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

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

ii. Interest

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

iii. Dividends

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

L. Foreign currency transaction:

i. Initial recognition

Foreign currency transactions are recorded in the functional currency viz.USD by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency on the date of the transaction.

ii. Conversion

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

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

iii. Settlement

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

M. Retirement and other employee benefits

i. Gratuity

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

ii. Superannuation

The Company does not have any superannuation scheme.

iii. Provident fund

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

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iv. Leave encashment

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

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

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

N. Income taxes

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

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

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

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

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.

O. Cash and cash equivalents

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

P. Lease

Where the Company is a lessee

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

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

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 of adoption as on transition date would majorly result in an increase in Right of use asset approximately by ₹ NIL and an increase in lease liability approximately by ₹ NIL.

Q. Earnings per share (EPS)

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

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

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

R. Provisions

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

S. Contingent liabilities

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

T. Employee stock compensation expenses

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

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

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

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

U. 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.

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4. Share capital

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Authorised		
5,000 (Previous year 5,000) Common Shares of $0.001 each.	US $ 5	US $ 5
	US $ 5	**US $ 5**
Issued, subscribed and paid-up		
2,480 (previous year 2,480) common shares of $0.001 each fully paid up. All shares are held by holding company i.e. Persistent Systems Inc.	123	123
	123	**123**

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

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Persistent Telecom Solutions Inc.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

5. Property, Plant and Equipment & Other Intangible Assets

(In ₹)

	Computers	Office Equipment	Furniture & Fixtures	Sub total Tangibles	Software	Acquired Contractual rights	Sub total Intangibles	Total
Gross Block								
As at April 1, 2018	130,569,902	1,391,398	1,004,338	132,965,638	628,862,249	451,321,188	1,080,183,437	1,213,149,075
Additions	2,259,176	-	-	2,259,176	-	-	-	2,259,176
Disposals	(18,253,798)	-	-	(18,253,798)	-	-	-	(18,253,798)
Other Adjustments	-	-	-	-	-	-	-	-
- Exchange difference	8,332,398	84,120	60,720	8,477,238	38,019,292	27,285,646	65,304,938	73,782,176
As at March 31, 2019	**122,907,678**	**1,475,518**	**1,065,058**	**125,448,254**	**666,881,541**	**478,606,834**	**1,145,488,375**	**1,270,936,629**
Depreciation / Amortization								
As at April 1, 2018	130,374,571	1,097,776	608,969	132,081,316	579,170,192	402,960,236	982,130,428	1,114,211,744
Charge for the year	805,798	198,755	211,696	1,216,249	53,313,698	51,885,581	105,199,279	106,415,528
Disposals	(17,937,121)			(17,937,121)				(17,937,121)
Other Adjustments	-	-	-	-	-	-	-	-
- Exchange difference	8,080,478	64,067	34,365	8,178,910	34,397,651	23,761,017	58,158,668	66,337,578
As at March 31, 2019	**121,323,726**	**1,360,598**	**855,030**	**123,539,354**	**666,881,541**	**478,606,834**	**1,145,488,375**	**1,269,027,729**
Net Block								
As at March 31, 2019	**1,583,952**	**114,920**	**210,028**	**1,908,900**	**-**	**-**	**-**	**1,908,900**
As at March 31, 2018	**195,331**	**293,622**	**395,369**	**884,322**	**49,692,057**	**48,360,952**	**98,053,009**	**98,937,331**

	Computers	Office Equipment	Furniture & Fixtures	Sub total Tangibles	Software	Acquired Contractual rights	Sub total Intangibles	Total
Gross Block								
As at April 1, 2017	129,928,774	1,384,565	999,406	132,312,745	625,774,387	449,105,096	1,074,879,483	1,207,192,228
Purchase	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-
- Exchange difference	641,128	6,833	4,932	652,893	3,087,862	2,216,092	5,303,954	5,956,847
As at March 31, 2018	**130,569,902**	**1,391,398**	**1,004,338**	**132,965,638**	**628,862,249**	**451,321,188**	**1,080,183,437**	**1,213,149,075**
Depreciation / Amortization								
As at April 1, 2017	128,641,040	865,920	404,191	129,911,151	517,200,630	348,233,688	865,434,318	995,345,469
Charge for the year	1,087,128	225,176	200,637	1,512,941	58,788,634	52,447,210	111,235,844	112,748,785
Other Adjustments				-			-	-
- Exchange difference	646,403	6,680	4,141	657,224	3,180,928	2,279,338	5,460,266	6,117,490
As at March 31, 2018	**130,374,571**	**1,097,776**	**608,969**	**132,081,316**	**579,170,192**	**402,960,236**	**982,130,428**	**1,114,211,744**
Net Block								
As at March 31, 2018	**195,331**	**293,622**	**395,369**	**884,322**	**49,692,057**	**48,360,952**	**98,053,009**	**98,937,331**
As at March 31, 2017	**1,287,734**	**518,645**	**595,215**	**2,401,594**	**108,573,757**	**100,871,408**	**209,445,165**	**211,846,759**

5.1 Depreciation and amortization expense

(In ₹)

	For the quarter ended		For the year ended	
	March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
On Property, Plant and Equipment	311,449	224,755	1,216,249	1,512,941
On Other intangible assets	18,591,488	26,249,134	105,199,279	111,235,844
	18,902,937	**26,473,889**	**106,415,528**	**112,748,785**

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

6. Deferred tax assets

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Deferred tax assets		
Provision for doubtful debts	8,962,918	7,526,025
Provision for leave encashment	4,657,734	4,575,763
Accumulated losses	75,278,604	-
Sales commission	-	3,129,550
Differences in depreciation and amortization and other differences in a block of tangible and intangible assets as per the US tax books and financial books	64,068,846	107,232,746
Others*	4,980,315	31,743,907
Deferred tax asset (net)	**157,948,417**	**154,207,991**

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

7. 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)		-
Credit Impaired	40,408,226	34,186,456
	40,408,226	34,186,456
Less : Allowance for doubtful trade receivables	40,408,226	34,186,456
	-	-
Others		
Unsecured (considered good)	323,479,967	335,562,285
Credit Impaired	-	-
	323,479,967	335,562,285
Less : Allowance for doubtful trade receivables	-	-
	323,479,967	335,562,285
	323,479,967	**335,562,285**

8. 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 account	33,609,358	49,928,647
Cheques, drafts on hand	-	599
	33,609,358	**49,929,246**

9. Other current financial assets

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Unsecured, considered good		
Carried at amortised cost		
Advance to related parties (Unsecured, considered good)		
-Persistent Systems Ltd.	2,718,340	186,960,628
Other loans and advances		
Deposits	225,185	140,116
Unbilled revenue	7,109,130	6,146,183
	10,052,655	**193,246,927**

10. Other current assets

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Advances to suppliers (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	22,563,245	24,249,167
Unsecured, considered good		
US State Tax receivable	2,791,394	2,417,338
	25,354,639	**26,666,505**

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

11. Non Current financial liabilities: Borrowings

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Unsecured		
Borrowings from related parties		
- Persistent Systems, Inc.	69,110,000	133,598,500
(Repayment Terms : After Thirty six months)		
(Rate of interest: Applicable federal rate)		
- Persistent Systems Pte. Ltd.	221,152,000	208,544,000
(Repayment Terms : After Thirty six months)		
(Rate of interest: SIBOR + 2%)		
	290,262,000	**342,142,500**

12. Current financial liabilities : Borrowings

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Loans and advances from related parties		
Unsecured		
-Aepona Limited	84,542	79,722
-Persistent Systems Limited	7,275,179	7,275,179
-Persistent Systems, Inc.	11,142,326	3,987,176
	18,502,047	**11,342,077**

13. Trade payables

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Trade payables	258,360,714	404,541,559
	258,360,714	**404,541,559**

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

14. Other current financial liabilities

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Carried at amortised cost		
Borrowings from related parties		
-Persistent Systems, Inc.	-	65,170,000
(Repayment Terms : After Thirty six months)		
Interest accrued on borrowings from related parties		
-Persistent Systems, Inc.	361,266	544,027
-Persistent Systems Pte. Ltd.	2,263,675	1,939,459
Other payables		
- Accrued employee liabilities	16,277,292	19,489,524
Capital creditors	1,093,182	1,030,859
	19,995,415	**88,173,869**

15. Other current liabilities

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Unearned revenue	148,284,205	183,210,376
Advance from customers	150,660	142,071
Other payables		
- Statutory liabilities	392,173	535,281
	148,827,038	**183,887,728**

16. Current Liabilities: Provisions

	As at March 31, 2019 (In ₹)	As at March 31, 2018 (In ₹)
Provision for employee benefits		
- Leave encashment	20,998,813	20,785,078
- Other employee benefits	52,782,677	71,078,760
	73,781,490	**91,863,838**

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Persistent Telecom Solutions Inc.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

17. Revenue from operations

	For the quarter ended		For the year ended	
	March 31, 2019 (In ₹)	March 31, 2018 (In ₹)	March 31, 2019 (In ₹)	March 31, 2018 (In ₹)
Sale of licenses	136,999,938	58,255,894	275,745,224	246,571,040
Sale of software services	155,157,819	272,100,148	1,008,224,089	946,220,495
	292,157,757	**330,356,042**	**1,283,969,313**	**1,192,791,535**

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	21,321	11,587	72,619	58,815
Miscellaneous income	19,587	1,802	92,342	1,802
	40,908	**13,389**	**164,961**	**60,617**

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 benefit expenses				
Salaries, wages and bonus	88,197,057	104,790,029	469,336,350	528,487,966
Staff welfare and benefits	219,227	(36,517)	1,975,203	1,432,419
Employee stock option expenses	-	(122)	-	460,099
	88,416,284	**104,753,390**	**471,311,553**	**530,380,484**
19.2 Cost of technical professionals				
- Related Parties	84,773,951	59,891,410	368,422,281	255,464,406
- Others	2,242,194	1,158,753	6,418,524	5,455,195
	87,016,145	**61,050,163**	**374,840,805**	**260,919,601**
	175,432,429	**165,803,553**	**846,152,358**	**791,300,085**

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	9,056,340	8,919,006	27,996,618	44,278,567
Internet link expenses	64,121	165,453	256,458	606,521
Communication expenses	97,950	425,621	1,010,693	1,863,052
Recruitment expenses	2,206,329	2,320,309	8,479,554	5,996,667
Training and seminars	22	-	6,992	-
Royalty expenses	25,525,126	9,712,600	65,019,934	60,460,302
Third party hosting and software fees	8,050,817	12,069,350	34,188,403	47,769,408
Purchase of software licenses and support expenses	867,355	2,969,966	11,627,742	12,241,376
Provision for doubtful debts/ (Provision for doubtful debts written back) (net)	(1,193,353)	(9,625,700)	4,203,630	(8,593,264)
Bad Debts	66,124	15,909,879	21,286,435	18,290,052
Rent	137,545	125,635	590,402	502,946
Rates, fees and profession tax	(6,918,971)	3,285,084	(4,325,878)	5,901,730
Legal and professional fees	3,406,432	27,259,127	45,383,223	85,353,586
Repairs and maintenance				
- Plant and machinery	-	(109)	-	408,547
Commission on sales to other than sole selling agents	22,776,285	7,598,318	40,512,232	25,992,947
Advertisement and sponsorship fees	3,139,390	125,163	3,158,571	4,294,674
Computer consumables	6,021	7,111	6,021	140,031
Auditors' remuneration	5,571	14,099	65,222	62,033
Books, memberships, subscriptions	538,249	1,743,009	3,686,653	7,806,626
Foreign exchange loss (net)	91,690	(251,766)	23,314,720	(26,630)
Miscellaneous expenses	130,975	443,157	1,572,609	3,661,011
	68,054,018	**83,215,312**	**288,040,234**	**317,010,182**

21. Exceptional Item

	For the quarter ended		For the year ended	
	March 31, 2019 (In ₹)	March 31, 2018 (In ₹)	March 31, 2019 (In ₹)	March 31, 2018 (In ₹)
Litigation Cost (Net) (Refer Note: 25)	-	11,079	-	(41,534,455)
	-	**11,079**	**-**	**(41,534,455)**

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

22. Earnings per share

		For the quarter ended		For the year ended	
		March 31, 2019 (In ₹)	March 31, 2018 (In ₹)	March 31, 2019 (In ₹)	March 31, 2018 (In ₹)
Basic earnings per share					
Numerator					
Net Profit / (loss) after tax	A	22,472,223	43,280,420	24,601,639	(78,960,413)
Denominator					
Weighted average number of equity shares	B	2,480	2,480	2,480	2,480
Basic/Diluted earnings per share (Face value of US $ 0.001 each)	A / B	9,061.38	17,451.78	9,920.02	(31,838.88)

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23. Contingent liability

On February 28, 2016, the Company, acquired the assets of US based Citrix Systems International GMBH for an upfront consideration of USD 369,187. The asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The fair value of the contingent consideration is estimated to be NIL as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.

24. The Company is considered as going concern inspite of negative net worth and inability to repay debts on time, based on assurance of continued financial support and assistance from parent company and measures implemented to control loss.

25. A US based corporation had filed a suit against the Company, claiming damages for direct and contributory infringement of copyrights and breach of contract in the year 2014. During March 2017, an out of court settlement was reached with the claimant without admission of any liability, and an amount of ₹. 108.88 million was shown as insurance claim receivable based on the legal opinion obtained. During September, 2017, an amount of ₹ 150.14 million was received from the insurance company against settlement of the claim receivable.

26. The Company had acquired the business of rCloud – a disaster recovery product from Doyenz during October 2012. A US based company filed a suit of IP infringement against the Company in the year 2014 for this product. It claimed damages for direct and contributory infringement of copyrights and breach of contract. In the month of December 2016, the Court had directed the parties to reach a settlement in this matter. Accordingly an out of court settlement was reached with the claimant without admission of any liability during the quarter ended March 31, 2017. As a term of settlement the Company agreed to transition the business of rCloud to the claimant in a phased manner. The operations were completed transitioned and discontinued during the quarter ended March 31, 2018. The resources working on this product were absorbed on the another line of operations by the Company. The loss of revenue due to this discontinued operation was approx. ₹ 23 million.

27. Previous period/year comparatives

Corresponding period/year comparative figures are regrouped wherever necessary to conform to current period's/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 Telecom Solutions Inc.**	
per C.K. Joshi Partner Membership No.030428	Dr. Anand Deshpande Director	Thomas Klein Director
Place: Pune Date: April 25, 2019	Place: Pune Date: April 25, 2019	Place: Santa Clara Date: April 25, 2019
