Persistent Systems Limited

CONDENSED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

	Notes	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
ASSETS			
Non-current assets			
Property, Plant and Equipment	6.1	2,768.36	2,968.21
Capital work-in-progress		48.47	23.64
Goodwill	6.2	76.23	77.87
Other Intangible assets	6.3	2,515.05	1,325.15
Intangible assets under development		241.13	241.63
		5,649.24	**4,636.50**
Financial assets			
- Investments	7	2,339.44	1,469.29
- Loans	8	131.49	86.23
-Other non-current financial assets	9	922.36	870.10
Deferred tax assets (net)	10	306.39	129.01
Other non-current assets	11	71.85	649.13
		9,420.77	**7,840.26**
Current assets			
Financial assets			
- Investments	12	4,499.66	4,914.36
- Trade receivables	13	4,753.83	4,275.49
- Cash and cash equivalents	14	1,461.38	1,400.19
- Other bank balances	15	48.25	38.76
- Loans	16	14.00	9.12
- Other current financial assets	17	2,316.03	1,763.98
Current tax assets (net)		94.42	153.12
Other current assets	18	855.39	803.32
		14,042.96	**13,358.34**
TOTAL		**23,463.73**	**21,198.60**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	5	800.00	800.00
Other equity		18,192.63	15,777.83
		18,992.63	**16,577.83**
LIABILITIES			
Non- current liabilities			
Financial liabilities			
- Borrowings	19	21.71	26.91
- Deferred payment liabilities		19.74	-
Provisions	20	146.14	124.41
Deferred tax liabilities (net)	10	110.75	-
		298.34	**151.32**
Current liabilities			
Financial liabilities			
- Trade payables [(dues of micro and small enterprises ₹ Nil (March 31, 2016 ₹	21	1,209.36	1,599.32
Nil)]		0.86	4.34
- Deferred payment liabilities	22	452.72	534.63
- Other financial liabilities Other current liabilities	23	1,118.75	1,107.53
Provisions	24	1,391.07	1,223.63
		4,172.76	**4,469.45**
TOTAL		**23,463.73**	**21,198.60**
Summary of significant accounting policies	4		

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

As per our report of even date

For Deloitte Haskins and Sells LLP	For JOSHI APTE & CO	For and on behalf of the Board of Directors of	
ICAI Firm registration no. 117366W/W-100018	**ICAI Firm registration no. 104370W**	**Persistent Systems Limited**	
Chartered Accountants	**Chartered Accountants**		
per Hemant M. Joshi	per C. K. Joshi	Dr. Anand Deshpande	Kiran Umrootkar
Partner	Partner	Chairman and	Director
Membership no. 038019	Membership no. 030428	Managing Director	
		Sunil Sapre	Amit Atre
		Chief Financial Officer	Company Secretary
Place: Pune	Place: Pune		Place: Pune
Date : April 25, 2017	Date : April 25, 2017		Date : April 25, 2017

Persistent Systems Limited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2017

	Notes	For the quarter ended		For the year ended	
		March 31, 2017 In ₹ Million	March 31, 2016 In ₹ Million	March 31, 2017 In ₹ Million	March 31, 2016 In ₹ Million
Income					
Revenue from operations (net)	25	7,271.08	6,771.10	28,784.39	23,123.31
Other income	26	143.28	184.42	958.45	772.88
Total income (A)		**7,414.36**	**6,955.52**	**29,742.84**	**23,896.19**
Expenses					
Employee benefits expense	27.1	4,397.51	4,204.81	18,008.15	14,067.60
Cost of professionals	27.2	484.09	486.96	1,818.48	1,586.63
Finance costs		0.17	0.20	0.91	0.92
Depreciation and amortization expense	6.4	394.12	264.56	1,490.17	990.13
Other expenses	28	1,087.86	1,057.10	4,304.29	3,554.00
Total expenses (B)		**6,363.75**	**6,013.63**	**25,622.00**	**20,199.28**
Profit before exceptional item and tax (A - B)		**1,050.61**	**941.89**	**4,120.84**	**3,696.91**
Exceptional item (refer note 37)		**(114.11)**	**-**	**(114.11)**	**-**
Profit before tax		**936.50**	**941.89**	**4,006.73**	**3,696.91**
Tax expense					
Current tax		243.66	107.34	1,147.87	916.59
Tax credit in respect of earlier years		(8.36)	(19.56)	(19.67)	(25.70)
Deferred tax charge / (credit)		(26.75)	123.14	(136.12)	33.03
Total tax expense		**208.55**	**210.92**	**992.08**	**923.92**
Net profit for the period / year (C)		**727.95**	**730.97**	**3,014.65**	**2,772.99**
Other comprehensive income					
Items that will not be reclassified to profit and loss (D)					
- Remeasurements of the defined benefit liabilities / (asset) (net of tax)		8.87	45.65	(39.13)	179.60
		8.87	**45.65**	**(39.13)**	**179.60**
Items that may be reclassified to profit and loss (E)					
- Effective portion of cash flow hedge (net of tax)		155.58	45.85	116.95	9.95
- Exchange differences in translating the financial statements of foreign operations		(133.96)	(9.33)	(110.48)	58.20
		21.62	**36.52**	**6.47**	**68.15**
Total other comprehensive income for the period / year (D) + (E)		**30.49**	**82.17**	**(32.66)**	**247.75**
Total comprehensive income for the period / year (C) + (D) + (E)		**758.44**	**813.14**	**2,981.99**	**3,020.74**
Earnings per equity share [Nominal value of share ₹10 (Corresponding period / Previous year: ₹10)]	29				
Basic (In ₹)		9.10	9.14	37.68	34.74
Diluted (In ₹)		9.10	9.14	37.68	34.66
Summary of significant accounting policies	4				

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

As per our report of even date

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

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

For and on behalf of the Board of Directors of
Persistent Systems Limited

per Hemant M. Joshi
Partner
Membership no. 038019

per C. K. Joshi
Partner
Membership no. 030428

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : April 25, 2017

Place: Pune
Date : April 25, 2017

Place: Pune
Date : April 25, 2017

Persistent Systems Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		For the year ended March 31, 2017 In ₹ Million	March 31, 2016 In ₹ Million
Cash flow from operating activities			
Profit before tax		**4,006.73**	**3,696.91**
Adjustments for:			
Interest income		(144.69)	(148.43)
Finance costs		0.91	0.92
Dividend income		(188.98)	(226.50)
Depreciation and amortization expense		1,490.17	990.13
Amortization of lease premium		0.58	0.52
Unrealised exchange loss/ (gain) (net)		87.70	67.78
Change in foreign currency translation reserve		(66.92)	(37.06)
Exchange loss/ (gain) on derivative contracts		(69.55)	1.28
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents		(0.51)	(8.11)
Donations in kind		0.29	-
Bad debts		114.56	205.01
Provision for doubtful receivables (net)		25.64	(196.10)
Employee stock compensation expenses		59.53	34.48
Provision for doubtful deposits and advances		-	0.06
Provision for diminution in value of non current investments		8.39	-
Remeasurements of the defined benefit liabilities / (asset)		(61.04)	222.67
Advances written off		-	29.55
Excess provision in respect of earlier years written back		(3.00)	(0.01)
(Gain)/ loss on fair valuation of mutual funds		(190.61)	14.16
(Profit) on sale of investments (net)		(94.14)	(228.06)
(Profit) on sale of fixed assets (net)		(1.68)	(9.29)
Operating profit before working capital changes		**4,973.38**	**4,409.91**
Movements in working capital :			
(Increase) / Decrease in non-current and current loans		(50.29)	175.99
Decrease / (Increase) in other non current assets		5.23	(51.11)
(Increase) in other current financial assets		(163.21)	-
(Increase) in other current assets		(52.07)	(1,204.54)
(Increase) in trade receivables		(688.47)	(644.66)
(Decrease) / Increase in trade payables and current liabilities		(302.05)	923.70
Increase / (Decrease) in provisions		189.17	(56.54)
Operating profit after working capital changes		**3,911.69**	**3,552.75**
Direct taxes paid (net of refunds)		(1,047.59)	(1,012.15)
Net cash generated from operating activities	**(A)**	**2,864.10**	**2,540.60**
Cash flows from investing activities			
Payment towards capital expenditure (including intangible assets)		(2,175.74)	(1,659.35)
Proceeds from sale of fixed assets		6.67	11.94
Payment towards acquisition of subsidiaries (net of bank balance acquired ₹ 37.47 million for the year ended March 31, 2016)		-	(307.01)
Purchase of tax free bonds		(514.17)	(243.26)
Proceeds from sale of tax free bonds		654.08	456.20
Purchase of non-current investments		-	(72.63)
Investments in mutual funds		(10,788.85)	(13,397.46)
Proceeds from sale / maturity of mutual funds		10,472.41	14,023.20
Proceeds from sale of other current investments		-	20.34
Investments in bank deposits having original maturity over three months		(9.69)	(522.73)
Investments in Deposit with financial institutions		(135.00)	(300.00)
Maturity of bank deposits having original maturity over three months		-	400.00
Inter corporate deposits refunded		0.15	0.15
Interest received		81.81	202.36
Dividends received		188.98	226.50
Net cash (used in) investing activities	**(B)**	**(2,219.35)**	**(1,161.75)**
Cash flows from financing activities			
(Repayment of) long term borrowings		(4.57)	(14.61)
Interest paid		(1.78)	(0.44)
Dividends paid		(480.01)	(1,039.51)
Tax on dividend paid		(97.72)	(211.73)
Net cash (used in) financing activities	**(C)**	**(584.08)**	**(1,266.29)**

Persistent Systems Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	For the year ended	
	March 31, 2017	**March 31, 2016**
	In ₹ Million	**In ₹ Million**
Net increase in cash and cash equivalents (A + B + C)	60.67	112.56
Cash and cash equivalents at the beginning of the year	1,401.40	988.13
Cash and cash equivalents acquired on acquisition	-	292.60
Effect of exchange difference on translation of foreign currency cash and cash equivalents	0.51	8.11
Cash and cash equivalents at the end of the year	**1,462.58**	**1,401.40**
Components of cash and cash equivalents		
Cash on hand (Refer note 14)	0.09	0.16
Cheques on hand (Refer note 14)	9.93	-
Balances with banks		
On current accounts # (Refer note 14)	1,240.02	1,031.74
On saving accounts (Refer note 14)	0.24	0.08
On Exchange Earner's Foreign Currency accounts (Refer note 14)	211.10	368.21
On unpaid dividend accounts* (Refer note 15)	1.20	1.21
Cash and cash equivalents	**1,462.58**	**1,401.40**

Out of the balance, the Group can utilise ₹ 0.07 million (Previous year ₹ 1.19 million) only towards research and development activities specified in the loan agreement.

* The Group can utilize these balances only towards settlement of the respective unpaid dividend.

Summary of significant accounting policies - Refer note 4

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

As per our report of even date

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

per Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date : April 25, 2017

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

per C. K. Joshi
Partner
Membership no. 030428

Place: Pune
Date : April 25, 2017

For and on behalf of the Board of Directors of
Persistent Systems Limited

Dr. Anand Deshpande
Chairman and

Kiran Umrootkar
Director

Sunil Sapre
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : April 25, 2017

Persistent Systems Limited

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

A. Share capital

(Refer note 5)

(In ₹ Million)

Balance as at April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
800.00	-	800.00

(In ₹ Million)

Balance as at April 1, 2015	Changes in equity share capital during the year	Balance as at March 31, 2016
800.00	-	800.00

(This space is intentionally left blank)

Persistent Systems Limited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus					Items of other comprehensive income		Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Capital reserve	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2016	1,336.70	6,641.78	147.09	73.25	7,303.39	91.49	184.13	15,777.83
Net profit for the year	-	-	-	-	3,014.65	-	-	3,014.65
Other comprehensive income for the year	-	-	-	-	(39.13)	116.95	(110.48)	(32.66)
Dividend	-	-	-	-	(480.00)	-	-	(480.00)
Tax on dividend	-	-	-	-	(97.72)	-	-	(97.72)
Transfer to general reserve	-	1,176.12	-	-	(1,176.12)	-	-	-
Employee stock compensation expenses	-	-	59.53	-	-	-	-	59.53
Adjustments towards employees stock options	-	19.50	(19.50)	-	-	-	-	-
Other changes during the year	-	-	-	(49.00)	-	-	-	(49.00)
Balance at March 31, 2017	**1,336.70**	**7,837.40**	**187.12**	**24.25**	**8,525.07**	**208.44**	**73.65**	**18,192.63**

(In ₹ Million)

Particulars	Reserves and surplus					Items of other comprehensive income		Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Capital reserve	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2015	1,336.70	5,562.61	55.65	-	6,092.86	81.54	125.93	13,255.29
Ind AS adjustments on first time adoption (Refer note 32)	-	-	74.29	-	571.51	-	-	645.80
Net profit for the year	-	-	-	-	2,772.99	-	-	2,772.99
Other comprehensive income for the year	-	-	-	-	179.60	9.95	58.20	247.75
Dividend	-	-	-	-	(1,040.00)	-	-	(1,040.00)
Tax on dividend	-	-	-	-	(211.73)	-	-	(211.73)
Transfer to general reserve	-	1,061.84	-	-	(1,061.84)	-	-	-
Employee stock compensation expenses	-	-	34.48	-	-	-	-	34.48
Adjustments towards employees stock options	-	17.33	(17.33)	-	-	-	-	-
Other changes during the year	-	-	-	73.25	-	-	-	73.25
Balance at March 31, 2016	**1,336.70**	**6,641.78**	**147.09**	**73.25**	**7,303.39**	**91.49**	**184.13**	**15,777.83**

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

As per our report of even date

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

per Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date : April 25, 2017

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

per C. K. Joshi
Partner
Membership no. 030428

Place: Pune
Date : April 25, 2017

For and on behalf of the Board of Directors of
Persistent Systems Limited

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : April 25, 2017

Notes forming part of condensed consolidated financial statements

1. Nature of operations

Persistent Systems Limited (the “Company” or “PSL”) is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 (the “Act”). The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a global company specializing in software products, services and technology innovation. The Company offers complete product life cycle services.

Persistent Systems, Inc. (PSI) based in the USA, a wholly owned subsidiary of PSL, is engaged in software product, services and technology innovation.

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

Persistent Systems France SAS (PSFS) based in France, a wholly owned subsidiary of PSL, is engaged in software products, services and technology innovation in the life sciences domain.

Persistent Telecom Solutions Inc. (PTSI) based in the USA, a wholly owned subsidiary of Persistent Systems Inc., is engaged in software products, services and technology innovation in telecom and Product Lifecycle Management domains.

Persistent Systems Malaysia Sdn. Bhd. (PSM) based in Malaysia, a wholly owned subsidiary of PSL, is engaged in software products and services.

CloudSquads, Inc. (CSI) based in the USA, a wholly owned subsidiary of PSI, is an innovative consultancy that deploys, integrates and runs social communities on social customer platforms to provide insights that drive improvements in marketing, sales and customer service.
CloudSquads Inc. (CSI), has been dissolved with effect from December 29, 2015. Persistent Systems Inc., the holding Company took over all the assets and liabilities of CSI on the date of dissolution

Akshat Corporation (d.b.a. RGen Solutions) based in USA, a wholly owned subsidiary of PSI, is engaged in development, delivery and maintenance of IT software and services.

Aepona Holdings Limited (an Ireland based wholly owned subsidiary of Persistent Systems Inc.) operates as the holding Company of Aepona Group Limited.

Aepona Group Limited, (an Ireland based wholly owned subsidiary of Aepona Holdings Limited) operates as the holding Company of Aepona Limited and Valista Limited.

Aepona Limited (a UK based wholly owned subsidiary of Aepona Group Limited) is engaged in the business of a telecommunication API gateway for defining, exposing, controlling and monetizing telecom services to partners and application developers and an Internet of Things service creation platform that allows enterprises to add a service layer (or “business logic”) to the basic APIs exposed to by connected devices, and to expose and monetize these APIs.

Valista Limited (an Ireland based wholly owned subsidiary of Aepona Group Limited) has adopted indirect sales model, with services revenue being billed to Aepona Limited. Sale of services are then contracted between Aepona Limited and customers.

Aepona Software (Private) Limited (a Sri Lanka based wholly owned subsidiary of Valista Limited) has adopted indirect sales model, with services revenue being billed to Aepona Limited. Sale of services are then contracted between Aepona Limited and customers.

Valista Inc. is a US based wholly owned subsidiary of Valista Limited. Valista Inc. has been dissolved with effect from June 28, 2016. Valista Limited, its holding Company took over all the assets and liabilities of Valista Inc. on the date of dissolution.

Persistent Systems Mexico, S.A. de C.V (a Mexico based wholly owned subsidiary of Persistent Systems Inc.) has adopted indirect sales model, with services revenue being billed to Persistent Systems Inc. Sale of services are then contracted between Persistent Systems Inc. and customers.

Persistent Systems Israel Ltd. (an Israel based wholly owned subsidiary of Persistent Systems Inc.) has adopted indirect sales model, with services revenue being billed to Persistent Systems Inc. Sale of services are then contracted between Persistent Systems Inc. and customers.

Persistent Systems Germany GmbH was set up on December 19, 2016 as a wholly owned subsidiary of Persistent Systems Limited. Operations have not yet commenced in this entity.

2. Basis of preparation

The financial statements of the Group have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments, equity settled employee stock options and initial recognition of assets acquired under business combinations which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The accounting policies are consistently applied by the Group during the year and are consistent with those used in previous year except for the changes in accounting policies required to be made on adoption of Indian Accounting Standards notified under the Companies Act, 2013.

Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as “Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015. These are the Group’s first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Previous period’s and year’s numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Group has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (“Previous GAAP”) to Ind AS of Shareholders’ equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the quarter and year ended March 31, 2016.

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

3. Principles of consolidation

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the quarter and year ended March 31, 2017 are prepared in accordance with generally accepted accounting principles applicable in India, and the Indian Accounting Standard 110 (Ind AS 110) on ‘Consolidated Financial Statements’, notified by Companies (Accounting Standards) Rules, 2015, (“Indian Accounting Standards”) by and to the extent possible in the same format as that adopted by the Company for its separate financial statements.

The Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the company, its subsidiaries as disclosed below. Control exists when the parent has power over the entity, is exposed or has rights to variable returns from its involvement with the entity; and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Company and its subsidiary companies have been combined on line by line basis by adding together the book values of like items of assets and liabilities, income and expenses after eliminating intra group balances and intra group transactions except where cost cannot be recovered. The unrealized profits or losses resulting from the intra group transactions and balances have been eliminated.

The consolidated financial statements include the share of profit / loss of associate companies, which are accounted for under the ‘Equity method’. The share of profit / loss of the associate company has been adjusted to the cost of investment in the associate, as per the ‘Equity method’. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.

The excess of the cost to the Company of its investment in a subsidiary and the Company’s portion of equity of subsidiary on the date at which investment in the subsidiary is made, is described as goodwill and recognized separately as an asset in the consolidated financial statements. The excess of the Company’s portion of equity of the subsidiary over the cost of investment in the subsidiary is treated as capital reserve in the consolidated financial statements. Goodwill arising on consolidation is not amortized. It is tested for impairment on a periodic basis and written off if found impaired.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the consolidated financial statements. The consolidated financial statements are presented in the same manner as the Company’s separate financial statements.

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.

(This space is intentionally left blank)

The subsidiary companies considered in consolidated financial statements are as follows:

Name of the subsidiary	Ownership Percentage as at		Country of incorporation
	March 31, 2017	March 31, 2016	
Persistent Systems, Inc.	100%	100%	USA
Persistent Systems Pte Ltd.	100%	100%	Singapore
Persistent Systems France SAS	100%	100%	France
Persistent Telecom Solutions Inc.	100%	100%	USA
Persistent Systems Malaysia Sdn. Bhd.	100%	100%	Malaysia
Akshat Corporation (d.b.a. RGen Solutions) *	100%	100%	USA
Aepona Holdings Limited	100%	100%	Ireland
Aepona Group Limited	100%	100%	Ireland
Aepona Limited	100%	100%	UK
Valista Limited	100%	100%	Ireland
Valista Inc. **	-	100%	USA
Aepona Software (Private) Limited	100%	100%	Sri Lanka
Persistent Systems Mexico, S.A. de C.V.	100%	100%	Mexico
Persistent Systems Israel Ltd.	100%	100%	Israel
Persistent Systems Germany GmbH	100%	0%	Germany

* Refer Note 33
** Refer Note 36

(This space is intentionally left blank)

4. Summary of significant accounting policies

(a) Use of estimates

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

Critical accounting estimates

i. Revenue recognition

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

ii. Income taxes

The Group's two major tax jurisdictions are India and the United States, though the Group also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes

iii. Intangible assets and contingent consideration in business combinations

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

iv. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. 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 Group'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.

v. Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

vi. 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.

vii. Internally generated Intangible assets

During the year, the management continued to assess the recoverability of the Group's internally generated intangible assets including those under development. Based on the current revenue generated from these lines of business, expected future revenue and the basis of amortization followed, the management considers the carrying value of the these intangible assets as recoverable.

(b) 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 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 Group. 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 period / 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.

(c) 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 Group 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.

(d) Business combinations

Business combinations are accounted for using the acquisition method under the provisions of Ind AS 103 - Business Combinations.

The cost of an acquisition is measured at the fair value of the assets acquired and liabilities incurred or assumed on the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of contingent consideration, if any. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs that the Group incurs in connection with a business combinations are expensed as incurred.

(e) Goodwill/ Capital Reserve

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized in the other comprehensive income as capital reserve. Goodwill is measured at cost less accumulated impairment losses.

(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
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Plant and equipment (Solar Energy System)*	10 years
Furniture and fixtures*	5 years
Vehicles*	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.

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

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

- **Forward exchange contracts not intended for trading or speculation purposes, classified as derivative financial instruments**

  As per the accounting principles laid down in Ind AS 109 – "Financial Instruments" relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss / (gain) is debited / (credited) to the hedge reserve under other comprehensive income and the ineffective portion is recognized to the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

  Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

  Hedge accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized under other comprehensive income is transferred to the statement of profit and loss when the forecasted transaction occurs or affects profit or loss or when a hedged transaction is no longer expected to occur.

Derecognition

The Group derecognises 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 the issue of financial liabilities (other than 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 Group has not designated any financial liability as at FVTPL.

Derecognition

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(h) Impairment

i) Financial assets

The Group 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 Group expects to receive, discounted at the original effective interest rate.

For trade receivables, the Group recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Group 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 Group estimates the asset's recoverable amount.

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

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's 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.

(i) Borrowing costs

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

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

(j) Leases

Where the Group is a lessee

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

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

(k) Revenue recognition

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

(i) Income from software services

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

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

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

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

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

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

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

The Group collects service tax and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. 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 Group's right to receive dividend is established. Dividend income is included under the head 'Other income' in the statement of profit and loss.

(l) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the respective functional currencies of the entities in the Group, by applying to the foreign currency amount the exchange rate between the functional currency of each individual entity and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

Exchange differences

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 / year in which they arise.

Translation of foreign operations

The Group presents the financial statements in INR which is the functional currency of the parent company.

The assets and liabilities of a foreign operation are translated into the reporting currency (INR) at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve under other comprehensive income. On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

(m) Retirement and other employee benefits

(i) Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Group 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 period / year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Group for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

(iii) Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by the insurer is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

(iv) Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group 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 Group 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. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

The Group 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.

(v) Long service awards

Long service awards are other long term benefits to all eligible employees, as per Group's policy. The cost of providing benefit under long service awards scheme is determined on the basis of 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.

(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 Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

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

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

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the period / year in which the temporary differences originate.

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.

Minimum alternate tax (MAT) paid in a period / year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

(o) Segment reporting

(i) Identification of segment

The Group's operations predominantly relate to providing software products, services and technology innovation covering full life cycle of product to its customers.

The components of the Group that engage in business activities from which they earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker are identified as operating segments.

(ii) Allocation of income and direct expenses

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment such as salaries, project related travel expenses etc. The remainder is considered as un-allocable expense and is charged against the total income.

(iii) Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segregation of assets, liabilities, depreciation and amortization and other non-cash expenses into various reportable segments have not been presented except for trade receivables as these items are used interchangeably between segments and the Group is of the view that it is not practical to reasonably allocate these items to individual segments and an ad-hoc allocation will not be meaningful.

(iv) Inter-segment transfers

There are no inter-segments transactions.

(v) Segment accounting policies

The Group prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

(p) 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 reporting 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. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Group.

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.

(This space is intentionally left blank)

(q) Provisions

A provision is recognized when the Group 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.

(r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group 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.

(s) 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.

(t) Employee stock compensation expenses

Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

In accordance with Ind AS 102 – “Share Based Payments”, the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant 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 Group’s best estimate of the number of equity instruments that will ultimately vest.

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

(This space is intentionally left blank)

5. Share capital

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Authorized shares (No. in million)		
200* (Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid-up shares (No. in million)		
80 (Previous year: 80) equity shares of ₹ 10 each	800.00	800.00
Issued, subscribed and fully paid-up share capital	**800.00**	**800.00**

*The Group increased its authorized share capital from ₹ 1,120 million divided into 112 million shares of ₹ 10 each to ₹ 2,000 million divided into 200 million shares of ₹ 10 each pursuant to the shareholders' resolution passed in the Annual General Meeting held on July 24, 2015.

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

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

(In Million)

	As at March 31, 2017		As at March 31, 2016	
	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the year	80.00	800.00	80.00	800.00
Add : Bonus shares issued	-	-	-	-
Number of shares at the end of the year	**80.00**	**800.00**	**80.00**	**800.00**

b) Terms / rights attached to equity shares

The Group has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2017, the amount of per share interim dividend recognized as distributions to equity shareholders is ₹ 6 [(Previous year: ₹ 8 (post-bonus issue)].

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	For the period of five years ended March 31, 2017 No in Million	For the period of five years ended March 31, 2016 No in Million
Equity shares allotted on March 12, 2015 as fully paid bonus shares by capitalization of securities premium ₹ 400 million	40.00	40.00

(This space is intentionally left blank)

d) Details of shareholders holding more than 5% shares in the Group

Name of the shareholder*	As at March 31, 2017		As at March 31, 2016	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.93	28.66	22.92	28.65
Mr. Suresh Deshpande jointly with Mrs. Sulabha Suresh Deshpande	0.85	1.07	7.80	9.75
Saif Advisors Mauritius Limited	4.27	5.33	4.27	5.33

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Group including register of shareholders / members.

(This space is intentionally left blank)

6.1 Property, Plant and Equipment

(In ₹ Million)

	Land - Freehold	Buildings*	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2016	220.08	2,421.85	2,096.34	63.59	1,354.42	71.77	581.02	4.73	6,813.80
Additions	-	3.73	255.73	13.90	25.91	22.46	64.99	-	386.72
Disposals	-	0.05	59.34	0.42	5.86	-	18.71	-	84.38
Effect of foreign currency translation from functional currency to reporting currency	(1.06)	(4.76)	(59.56)	(0.64)	(1.36)	(7.85)	(4.66)	-	(79.89)
As at March 31, 2017	**219.02**	**2,420.77**	**2,233.17**	**76.43**	**1,373.11**	**86.38**	**622.64**	**4.73**	**7,036.25**
Depreciation and impairment									
As at April 1, 2016	-	688.27	1,687.48	43.89	916.85	59.16	445.94	4.00	3,845.59
Charge for the year	-	97.72	288.80	9.10	116.23	4.35	55.95	0.21	572.36
Disposals	-	0.05	54.62	0.32	5.69	-	18.71	-	79.39
Effect of foreign currency translation from functional currency to reporting currency	-	(1.02)	(58.28)	(0.26)	(0.82)	(7.65)	(2.64)	-	(70.67)
As at March 31, 2017	**-**	**784.92**	**1,863.38**	**52.41**	**1,026.57**	**55.86**	**480.54**	**4.21**	**4,267.89**
Net block									
As at March 31, 2017	**219.02**	**1,635.85**	**369.79**	**24.02**	**346.54**	**30.52**	**142.10**	**0.52**	**2,768.36**
As at March 31, 2016	**220.08**	**1,733.58**	**408.86**	**19.70**	**437.57**	**12.61**	**135.08**	**0.73**	**2,968.21**

* Note: Building includes those constructed on leasehold land:
a) Gross block as on March 31, 2017 ₹ 1,434.64 million (Previous year ₹ 1,430.95 million)
b) Depreciation charge for the year ₹ 58.15 million (Previous year ₹ 58.01 million)
c) Accumulated depreciation as on March 31, 2017 ₹ 322.60 million (Previous year ₹ 264.50 million)
d) Net book value as on March 31, 2017 ₹ 1,112.04 million (Previous year ₹ 1,166.45 million)

(This space is intentionally left blank)

Notes forming part of condensed consolidated financial statements

6.1 Property, Plant and Equipment

(In ₹ Million)

	Land - Freehold	Buildings*	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2015	218.65	2,409.12	1,632.92	54.86	1,272.21	21.40	512.40	4.73	6,126.29
Additions	-	6.30	250.82	8.49	127.51	7.01	72.02	-	472.15
Additions through business combination	-	-	342.81	0.19	2.89	51.16	6.58	-	403.63
Disposals	-	-	132.74	0.42	48.36	5.85	11.97	-	199.34
Effect of foreign currency translation from functional currency to reporting currency	1.43	6.43	2.53	0.47	0.17	(1.95)	1.99	-	11.07
As at March 31, 2016	**220.08**	**2,421.85**	**2,096.34**	**63.59**	**1,354.42**	**71.77**	**581.02**	**4.73**	**6,813.80**
Depreciation and impairment									
As at April 1, 2015	-	589.56	1,218.86	36.21	840.30	12.81	404.08	3.79	3,105.61
Additions through business combination	-	-	310.87	0.10	1.64	47.13	5.33	-	365.07
Charge for the year	-	97.65	291.51	7.56	121.46	6.93	46.97	0.21	572.29
Disposals	-	-	132.68	0.15	46.64	5.85	11.37	-	196.69
Effect of foreign currency translation from functional currency to reporting currency	-	1.06	(1.08)	0.17	0.09	(1.86)	0.93	-	(0.69)
As at March 31, 2016	**-**	**688.27**	**1,687.48**	**43.89**	**916.85**	**59.16**	**445.94**	**4.00**	**3,845.59**
Net block									
As at March 31, 2016	**220.08**	**1,733.58**	**408.86**	**19.70**	**437.57**	**12.61**	**135.08**	**0.73**	**2,968.21**
As at March 31, 2015	**218.65**	**1,819.56**	**414.06**	**18.65**	**431.91**	**8.59**	**108.32**	**0.94**	**3,020.68**

(This space is intentionally left blank)

Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

6.2. Goodwill

(In ₹ Million)

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Cost		
Balance at beginning of year	77.87	23.91
Additional amounts recognised from business combinations occurring during the year	-	77.87
Derecognition on dissolution of subsidiary	-	(23.91)
Effect of foreign currency exchange differences	(1.64)	-
Balance at end of year	**76.23**	**77.87**

6.3. Other Intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2016	3,024.09	1,065.51	4,089.60
Additions	176.63	2,002.39	2,179.02
Disposals*	769.00	-	769.00
Effect of foreign currency translation from functional currency to reporting currency	(46.29)	(87.21)	(133.50)
As at March 31, 2017	**2,385.43**	**2,980.69**	**5,366.12**
Amortization			
As at April 1, 2016	2,177.12	587.33	2,764.45
Charge for the year	353.09	564.72	917.81
Disposals*	769.00	-	769.00
Effect of foreign currency translation from functional currency to reporting currency	(36.58)	(25.61)	(62.19)
As at March 31, 2017	**1,724.63**	**1,126.44**	**2,851.07**
Net block			
As at March 31, 2017	**660.80**	**1,854.25**	**2,515.05**
As at March 31, 2016	**846.97**	**478.18**	**1,325.15**

* Expired software licenses of ₹ 769.00 million having NIL written down value removed.

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2015	2,627.72	589.56	3,217.28
Additions	250.69	290.42	541.11
Assets taken over on acquisition of entities	65.89	-	65.89
Additions through business combination	-	170.26	170.26
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	79.79	15.27	95.06
As at March 31, 2016	**3,024.09**	**1,065.51**	**4,089.60**
Amortization			
As at April 1, 2015	1,752.85	469.13	2,221.98
Assets taken over on acquisition of entities	63.40	-	63.40
Charge for the year	314.54	103.30	417.84
Reversals/ Disposals during the year	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	46.33	14.90	61.23
As at March 31, 2016	**2,177.12**	**587.33**	**2,764.45**
Net block			
As at March 31, 2016	**846.97**	**478.18**	**1,325.15**
As at March 31, 2015	**874.87**	**120.43**	**995.30**

6.4. Depreciation and amortization

(In ₹ Million)

	For the quarter ended		For the year ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
On Property, Plant and Equipment	142.54	147.71	572.36	572.29
On other intangible assets	251.58	116.85	917.81	417.84
	394.12	**264.56**	**1,490.17**	**990.13**

7. Non-current financial assets : Investments

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Investments carried at cost		
Unquoted Investments		
Investments in equity instruments		
In associates		
Klisma eServices Private Limited [Holding 50%. (Previous year 50%)]		
0.005 million (Previous year : 0.005 million) shares of ₹10 each, fully paid up	0.05	0.05
Less : Impairment of non-current unquoted investments	(0.05)	(0.05)
	-	-
Total investments carried at cost (A)	-	-
Investments carried at amortised cost		
Quoted Investments		
In tax free bonds	517.04	609.46
[Market value ₹ 543.07 million (Previous year ₹ 672.89 million)]		
Add: Interest accrued on tax free bonds	21.85	17.22
Total investments carried at amortised cost (B)	**538.89**	**626.68**
Designated as fair value through profit and loss		
Quoted Investments		
- Investments in mutual funds		
Fair value of long term mutual funds (Refer Note 7a)	1,824.64	968.23
Less: Fair value of current portion of long term mutual funds (Refer Note 7b & 12)	(130.37)	(242.34)
	1,694.27	**725.89**
Unquoted Investments		
- Others*		
Ciqual Limited [Holding 2.38% (Previous year 2.38%)]		
0.04 million (Previous year : 0.04 million) shares of GBP 0.01 each, fully paid up	12.57	13.34
Less : Impairment of non-current unquoted investments	(12.57)	(13.34)
	-	-
Altizon Systems Private Limited	6.00	6.00
3,766 equity shares (Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up		
	6.00	**6.00**
- Investments in preferred stock		
Hygenx Inc.	12.97	13.25
0.25 million (Previous year : 0.25 million) Preferred stock of $ 0.001 each, fully paid up		
Trunomi Inc.	16.21	16.56
0.28 million (Previous year : 0.28 million) Preferred stock of $ 0.002 each, fully paid up		
Jocata Corporation	16.21	16.56
0.006 million (Previous year : 0.006 million) Preferred stock of $ 0.001 each, fully paid up		
OpsDataStore Inc.	12.97	13.25
0.20 million (Previous year : 0.20 million) Preferred stock of $ 0.001 each, fully paid up		
Ampool Inc.	16.21	16.56
0.55 million (Previous year : 0.55 million) Preferred stock of $ 0.4583 each, fully paid up		
	74.57	**76.18**
- Investments in Convertible Notes		
DxNow	8.11	8.28
1 (Previous year : 1) convertible note of USD 125,000 each, fully paid up		
Less : Impairment of non-current unquoted investments	(8.11)	-
	-	**8.28**
Ustyme	16.21	16.56
1 (Previous year : 1) convertible note of USD 250,000 each, fully paid up		
Akumina Inc.	9.50	9.70
1 (Previous year : 1) convertible note of USD 146,429 each, fully paid up		
	25.71	**34.54**
Total Investments carried at Fair Value (C)	**1,800.55**	**842.61**
Total investments (A) + (B) + (C)	**2,339.44**	**1,469.29**
Aggregate amount of impairment in value of investments	20.73	13.39
Aggregate amount of quoted investments	2,233.16	1,352.57
Aggregate amount of unquoted investments	127.01	130.11

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

7 a) Details of fair value of investment in long term Mutual Funds (Quoted)

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
IDFC Mutual Fund	210.24	184.25
ICICI Prudential Mutual Fund	568.17	299.52
Birla Sun Life Mutual Fund	100.54	
SBI Mutual Fund	545.68	484.46
HDFC Mutual Fund	151.07	-
UTI Mutual Fund	55.31	-
Reliance Mutual Fund	50.38	-
Kotak Mutual Fund	143.25	-
	1,824.64	**968.23**

7 b) Details of fair value of current portion of long term Mutual Funds (Quoted)

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
ICICI Prudential Mutual Fund	-	121.11
SBI Mutual Fund	130.37	121.23
	130.37	**242.34**

(This space is intentionally left blank)

8. Non-current financial assets : Loans

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Carried at amortised cost		
Security deposits		
Unsecured, considered good	131.31	85.90
Unsecured, considered doubtful	2.19	2.19
	133.50	**88.09**
Less: Impairment of non-current loans	(2.19)	(2.19)
	131.31	**85.90**
Other loans and advances		
Inter corporate deposits		
Unsecured, considered good	0.18	0.33
Unsecured, considered doubtful	0.58	0.58
	0.76	**0.91**
Less: Impairment of non-current loans	(0.58)	(0.58)
	0.18	**0.33**
	131.49	**86.23**

9. Other non current financial assets

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Non-current bank balances (Refer note 15)	529.13	532.22
Interest accrued but not due on non-current bank deposits	89.11	35.41
Non-current deposits with banks (Carried at amortised cost)	**618.24**	**567.63**
Deposits with financial institutions	300.00	300.00
Add: Interest accrued but not due on deposit with financial institutions	4.12	2.47
Non-current deposits with financial institutions (Carried at amortised cost)	**304.12**	**302.47**
	922.36	**870.10**

10. Deferred tax asset/ liability (net) *

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Deferred tax liabilities		
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets	111.63	140.92
Capital gains	90.68	55.32
Others	110.31	48.42
	312.62	**244.66**
Deferred tax assets		
Provision for leave encashment	139.83	142.54
Provision for long service awards	91.89	47.92
Provision for doubtful debts	99.52	73.87
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets (overseas)	66.79	-
Brought forward and current period / year losses **	48.74	60.37
Others	61.49	48.97
	508.26	**373.67**
Deferred tax liabilities after set off	**110.75**	**-**
Deferred tax assets after set off	**306.39**	**129.01**

* Deferred tax assets and deferred tax liabilities have been offset wherever the Group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. In all other cases the same have been separately disclosed.

** Persistent Systems, Inc. (PSI) (a wholly owned subsidiary of the Parent Company) along with its US based subsidiaries have decided to opt for filing consolidated income tax return in compliance with the applicable tax regulations in the United States. This enables to set off the business losses in Persistent Telecom Solutions Inc. (PTSI) (wholly owned subsidiary of PSI) against the profits of PSI. In view of the virtual certainty of profits in PSI, deferred tax asset on the brought forward losses has been recognized in the financial statements of PTSI.

11. Other non-current assets

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Capital advances (Unsecured, considered good)	10.70	582.75
Advances recoverable in cash or kind or for value to be received	61.15	66.38
	71.85	**649.13**

(This space is intentionally left blank)

12. Current financial assets : Investments

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Designated as fair value through profit and loss		
- Quoted investments		
Investments in mutual funds		
Fair value of current mutual funds (Refer Note 12a)	4,369.29	4,672.02
Fair value of current portion of long term mutual funds (Refer Note 7a & 7b)	130.37	242.34
	4,499.66	**4,914.36**
Total Investments carried at Fair Value (B)	**4,499.66**	**4,914.36**
Total carrying amount of investments (A) + (B)	**4,499.66**	**4,914.36**
Aggregate amount of quoted investments	**4,499.66**	**4,914.36**
Aggregate amount of unquoted investments	**-**	**-**

12 a) Details of fair value of current investment in mutual funds (Quoted)

	March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
IDFC Mutual Fund	344.35	325.49
HDFC Mutual Fund	493.41	448.81
ICICI Prudential Mutual Fund	210.66	114.53
Birla Sun Life Mutual Fund	474.22	534.40
Tata Mutual Fund	585.51	540.51
Reliance Mutual Fund	518.25	534.67
SBI Mutual Fund	-	102.62
Kotak Mutual Fund	197.64	325.84
UTI Mutual Fund	274.48	461.96
L&T Mutual Fund	463.10	320.44
DHFL Pramerica Mutual Fund (formerly known as DWS Mutual Fund)	357.48	430.89
Axis Mutual Fund	450.19	531.86
	4,369.29	**4,672.02**

13. Trade receivables

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	14.15	2.63
Unsecured, considered doubtful	283.62	270.62
	297.77	**273.25**
Less : Allowance for credit loss	(283.62)	(270.62)
	14.15	**2.63**
Others		
Unsecured, considered good	4,739.68	4,272.86
Unsecured, considered doubtful	-	-
	4,739.68	**4,272.86**
Less : Allowance for credit loss	-	-
	4,739.68	**4,272.86**
	4,753.83	**4,275.49**

14. Cash and cash equivalents

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Cash and cash equivalents as presented in cash flow statement		
Cash in hand	0.09	0.16
Cheques on hand	9.93	-
Balances with banks		
On current accounts *	1,240.02	1,031.74
On saving accounts	0.24	0.08
On Exchange Earner's Foreign Currency accounts	211.10	368.21
	1,461.38	**1,400.19**

* Out of the balance, the Group can utilise ₹ 0.07 million (Previous year ₹ 1.19 million) only towards research and development activities specified in the loan agreement.

15. Other bank balances

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
On deposit account with original maturity more than twelve months *	572.15	563.20
Add: Interest accrued on deposits with banks	93.14	41.98
Deposits with banks (Carried at amortised cost)	**665.29**	**605.18**
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (Refer note 9)	(529.13)	(532.22)
Less: Interest accrued on non-current deposits with banks	(89.11)	(35.41)
	47.05	**37.55**
Balances with banks On unpaid dividend accounts**	1.20	1.21
	48.25	**38.76**

* Out of the balance, fixed deposits of ₹ 59.36 million (Previous year ₹ 57.25 million) have been earmarked against bank guarantees availed by the Group.

** The Group can utilize these balances only towards settlement of the respective unpaid dividend.

(This space is intentionally left blank)

16. Current financial assets : Loans

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Carried at amortised cost		
Loan to related parties (Unsecured, considered doubtful)		
Klisma e-Services Private Limited	27.43	27.43
	27.43	**27.43**
Less: Impairment of current loans	(27.43)	(27.43)
	-	**-**
Loan to others (Unsecured, considered good)		
LHS Solution Inc.	4.22	**-**
	4.22	**-**
Security deposits		
Unsecured, considered good	9.78	9.12
	9.78	**9.12**
	14.00	**9.12**

17. Other current financial assets

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Fair value of derivatives designated and effective as hedging instruments		
Forward contracts receivable	412.80	164.40
Advances to suppliers		
Unsecured, considered good	0.91	-
Unsecured, considered doubtful	0.81	0.81
Less: Impairment of current financial assets	(0.81)	(0.81)
	0.91	**-**
Deposit with financial institutions	135.00	-
Add: Interest accrued but not due on deposit with financial institutions	5.44	-
Deposits with financial institutions (Carried at amortised cost)	**140.44**	**-**
Unbilled revenue	1,761.88	1,599.58
	2,316.03	**1,763.98**

18. Other current assets

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Advances to suppliers (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	648.20	621.85
Other advances (Unsecured, considered good)		
VAT receivable (net)	84.93	52.76
Service tax receivable (net)	122.26	128.71
	207.19	**181.47**
	855.39	**803.32**

(This space is intentionally left blank)

19. Non-current financial liabilities : Borrowings

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Unsecured Borrowings carried at amortised cost		
Term loans		
Indian rupee loan from others	25.71	30.28
Interest accrued but not due on term loans	1.53	2.40
	27.24	**32.68**
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (Refer note 22).	(4.58)	(4.58)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (Refer note 22).	(0.95)	(1.19)
	(5.53)	**(5.77)**
	21.71	**26.91**

The term loans from Government departments have the following terms and conditions:

Loan I - amounting to ₹ 10.92 million (Previous year ₹ 13.64 million) with interest payable @ 2% per annum guaranteed by a bank guarantee by the Group and repayable in ten equal semi annual installments over a period of five years commencing from March 2016.

Loan II - amounting to ₹ 14.79 million (Previous year ₹ 16.64 million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from September 2015.

20. Non current liabilities : Provisions

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Provision for employee benefits		
- Gratuity	10.23	6.59
- Long service awards	135.91	117.82
	146.14	**124.41**

21. Trade payables

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Trade payables for goods and services	1,209.36	1,599.32
	1,209.36	**1,599.32**

22. Other current financial liabilities

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Capital creditors	71.75	228.90
Current maturity of long-term borrowings (Refer note 19)	4.58	4.58
Current maturity of interest on long-term borrowings (Refer note 19)	0.95	1.19
Accrued employee liabilities	372.74	243.71
Unpaid dividend*	1.20	1.21
Other liabilities	1.50	-
Payable to selling shareholders	-	55.04
	452.72	**534.63**

* Unpaid dividend is credited to Investor Education and Protection Fund as and when due.

23.Other current liabilities

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Unearned revenue	919.75	943.08
Advance from customers	32.32	31.68
Other payables		
- Statutory liabilities	163.37	122.07
- Other liabilities	3.31	10.70
	1,118.75	**1,107.53**

24. Current liabilities : Provisions

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million
Provision for employee benefits		
- Gratuity	10.32	49.70
- Leave encashment	450.05	453.15
- Long service awards	26.34	24.18
- Other employee benefits	904.36	696.60
	1,391.07	**1,223.63**

25. Revenue from operations (net)

	For the quarter ended		For the year ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Software services	6,909.01	6,535.29	28,095.40	22,358.47
Software licenses	362.07	235.81	688.99	764.84
	7,271.08	**6,771.10**	**28,784.39**	**23,123.31**

26. Other income

	For the quarter ended		For the year ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Interest income				
On financial assets carried at amortised cost	16.06	25.57	52.89	60.86
On others	20.33	21.34	91.80	87.57
Foreign exchange gain (net)	(27.62)	(28.99)	268.50	146.51
Profit on sale of fixed assets (net)	0.84	4.24	1.68	9.29
Dividend income from investments	39.53	54.58	188.98	226.50
Net Gain / (Loss) on dissolution subsidiary	-	3.65	-	3.65
Profit on sale of investments (net)	55.56	132.25	94.14	224.41
Net gain/(loss) arising on financial assets designated as at FVTPL	(10.58)	(33.58)	190.61	(14.16)
Excess provision in respect of earlier period / years written back	0.39	-	3.00	0.01
Miscellaneous income	48.77	5.36	66.85	28.24
	143.28	**184.42**	**958.45**	**772.88**

27. Personnel expenses

	For the quarter ended		For the year ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
27.1 Employee benefits expense				
Salaries, wages and bonus	4,137.09	3,961.00	16,980.13	13,156.03
Contribution to provident and other funds	87.86	71.72	338.85	263.08
Gratuity expenses	25.43	9.78	114.10	135.16
Defined contribution to other funds	27.41	27.11	114.75	113.06
Staff welfare and benefits	108.69	112.00	400.79	365.79
Employee stock compensation expenses	11.03	23.20	59.53	34.48
	4,397.51	**4,204.81**	**18,008.15**	**14,067.60**
27.2 Cost of professionals	484.09	486.96	1,818.48	1,586.63
	4,881.60	**4,691.77**	**19,826.63**	**15,654.23**

28. Other expenses

	For the quarter ended		For the year ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	268.31	286.98	1,019.46	982.58
Electricity expenses (net)	28.58	47.06	138.73	149.80
Internet link expenses	16.30	21.41	73.35	72.36
Communication expenses	31.73	29.35	118.43	81.61
Recruitment expenses	10.06	28.86	79.78	111.86
Training and seminars	4.92	5.68	17.56	23.70
Royalty expenses	13.05	25.65	127.48	138.06
Purchase of software licenses and support expenses	258.22	219.80	814.59	723.27
Bad debts	50.45	169.16	114.56	205.01
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	(65.18)	(192.70)	25.64	(196.10)
Rent	101.04	100.67	430.25	251.12
Insurance	5.50	6.84	24.58	27.59
Rates and taxes	21.20	16.30	66.86	51.96
Legal and professional fees	125.13	120.78	466.95	280.27
Repairs and maintenance				
- Plant and Machinery	27.00	28.13	108.35	95.74
- Buildings	5.89	9.34	21.44	27.36
- Others	4.42	6.06	18.33	19.00
Commission on sales	1.89	1.11	16.57	4.31
Advertisement, conference and sponsorship fees	58.40	34.99	198.10	122.84
Computer consumables	3.34	1.93	10.95	7.48
Auditors' remuneration	3.20	3.59	12.39	11.74
Donations	20.95	16.73	79.78	75.25
Books, memberships, subscriptions	16.41	13.05	64.56	42.18
Directors' sitting fees	0.63	0.83	2.88	2.60
Directors' commission	2.80	2.54	11.20	9.29
Provision for doubtful deposits and advances	-	-	-	0.06
Advances written off	-	0.59	-	29.55
Impairment of non current investments	-	-	8.39	-
Miscellaneous expenses	73.62	52.37	233.13	203.51
	1,087.86	**1,057.10**	**4,304.29**	**3,554.00**

(This space is intentionally left blank)

29. Earnings per share

		For the quarter ended		For the year ended	
		March 31, 2017	**March 31, 2016**	**March 31, 2017**	**March 31, 2016**
Numerator for Basic and Diluted EPS					
Net Profit after tax (In ₹ Million)	(A)	727.95	730.97	3,014.65	2,772.99
Denominator for Basic EPS					
Weighted average number of equity shares	(B)	80,000,000	80,000,000	80,000,000	79,810,026
Denominator for Diluted EPS					
Number of equity shares	(C)	80,000,000	80,000,000	80,000,000	80,000,000
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	**9.10**	**9.14**	**37.68**	**34.74**
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	**9.10**	**9.14**	**37.68**	**34.66**

	For the quarter ended		For the year ended	
	March 31, 2017	**March 31, 2016**	**March 31, 2017**	**March 31, 2016**
Number of shares considered as basic weighted average shares outstanding	80,000,000	80,000,000	80,000,000	79,810,026
Add: Effect of dilutive issues of stock options	-	-	-	189,974
Number of shares considered as weighted average shares and potential shares outstanding	**80,000,000**	**80,000,000**	**80,000,000**	**80,000,000**

(This space is intentionally left blank)

30. Financial assets and liabilities

The carrying values and fair values of financial instruments by categories are as follows:

(In ₹ million)

Financial assets/ financial liabilities	Basis of measurement	As at March 31, 2017		As at March 31, 2016		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	
Assets:						
Investments in associates	Cost	-	-	-	-	
Investments in other equity instruments	Fair value	106.28	106.28	116.72	116.72	Level 3
Investments in tax free bonds*	Amortised cost	538.89	543.07	626.68	672.89	
Investments in mutual funds	Fair value	6,193.93	6,193.93	5,640.25	5,640.25	Level 1
Loans	Amortised cost	146.40	146.40	95.35	95.35	
Deposit with banks and financial institutions	Amortised cost	1,109.85	1,109.85	907.65	907.65	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	1,462.58	1,462.58	1,401.40	1,401.40	
Trade receivables	Amortised cost	4,753.83	4,753.83	4,275.49	4,275.49	
Unbilled revenue	Amortised cost	1,761.88	1,761.88	1,599.58	1,599.58	
Forward contracts	Fair value	412.80	412.80	164.40	164.40	Level 2
Total		**16,486.44**	**16,490.62**	**14,827.52**	**14,873.73**	
Liabilities:						
Borrowings (including accrued interest)	Amortised cost	27.24	27.24	32.68	32.68	
Trade payables and deferred payment liabilities	Amortised cost	1,229.96	1,229.96	1,603.66	1,603.66	
Other financial liabilities (excluding borrowings)	Amortised cost	447.19	447.19	528.86	528.86	
Total		**1,704.39**	**1,704.39**	**2,165.20**	**2,165.20**	

* Fair value includes interest accrued

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(This space is intentionally left blank)

Notes forming part of condensed consolidated financial statements

31. Segment Information

Operating segments are components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Group's chief operating decision maker is the CEO and Managing Director.

The Group reorganised itself into 4 business units during the year, which form the operating segments for segment reporting.
The operating segments are:
a. Services
b. Digital
c. Alliance
d. Accelerite (Products)

(In ₹ Million)

Particulars			Services	Digital	Alliance	Accelerite (Products)	Total
Revenue	Quarter ended	Mar-31-2017	3,188.44	1,377.25	2,003.65	701.74	7,271.08
	Year ended	Mar-31-2017	13,086.58	4,704.91	8,466.11	2,526.79	28,784.39
Identifiable expense	Quarter ended	Mar-31-2017	1,866.66	898.50	1,422.81	373.63	4,561.60
	Year ended	Mar-31-2017	7,561.76	3,214.67	5,906.32	1,423.68	18,106.43
Segmental result	Quarter ended	Mar-31-2017	1,321.78	478.75	580.84	328.11	2,709.48
	Year ended	Mar-31-2017	5,524.82	1,490.24	2,559.79	1,103.11	10,677.96
Unallocable expenses	Quarter ended	Mar-31-2017					1,916.26
	Year ended	Mar-31-2017					7,629.68
Operating income	Quarter ended	Mar-31-2017					793.22
	Year ended	Mar-31-2017					3,048.28
Other income (net of expenses)	Quarter ended	Mar-31-2017					143.28
	Year ended	Mar-31-2017					958.45
Profit before taxes (after exceptional item)	Quarter ended	Mar-31-2017					936.50
	Year ended	Mar-31-2017					4,006.73
Tax expense	Quarter ended	Mar-31-2017					208.55
	Year ended	Mar-31-2017					992.08
Profit after tax	Quarter ended	Mar-31-2017					727.95
	Year ended	Mar-31-2017					3,014.65

Note: Costs related to research and development are included under identifiable expenses for the purpose of segment reporting.

(In ₹ Million)

Particulars			Services	Digital	Alliance	Accelerite (Products)	Total
Segmental trade receivables	As at	Mar-31-2017	2,109.80	1,318.83	717.31	607.89	4,753.83
Unallocated assets	As at	Mar-31-2017	-	-	-	-	18,709.90

Segregation of assets (other than trade receivables), liabilities, depreciation and amortization and other non-cash expenses into various reportable segments have not been presented as the assets are used interchangeably between segments and the Group is of the view that it is not practical to reasonably allocate the other assets, liabilities and other non-cash expenses to individual segments and an ad-hoc allocation will not be meaningful.

The Group reorganised itself into 4 business units effective from April 1, 2016, whose results are evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Group's chief operating decision maker is the CEO and Managing Director. These business units have been identified as the operating segments from April 1, 2016. Discrete financial information for these business units/ operating segments for the earlier periods is not available. Hence, the comparative information for the quarter and year ended March 31, 2016 is not provided.

Geographical Information

The following table shows the distribution of the Group’s consolidated sales by geographical market regardless of from where the services were rendered

(In ₹ Million)

Particulars			India	North America	Rest of the World	Total
Revenue	Quarter ended	Mar-31-2017	408.76	6,286.75	575.57	7,271.08
	Year ended	Mar-31-2017	1,593.61	24,859.52	2,331.26	28,784.39
	Quarter ended	Mar-31-2016	416.57	5,827.79	526.74	6,771.10
	Year ended	Mar-31-2016	1,538.10	19,779.95	1,805.26	23,123.31

The revenue from a single customer in excess of ten percent of total revenue of the Group is ₹ 1,925.32 million for the quarter ended March 31, 2017 and ₹ 8,159.37 million for the year ended March 31, 2017.

(This space is intentionally left blank)

32. First-time adoption of Ind-AS

These condensed consolidated financial statements for the quarter and year ended March 31, 2017 have been prepared in accordance with Ind-AS. For periods up to and including the year ended March 31, 2016, the Group prepared its consolidated financial statements in accordance with statutory reporting requirements in India immediately before adopting Ind AS ('previous GAAP').

Accordingly, the Group has prepared condensed consolidated financial statements which comply with Ind-AS applicable for period ending on March 31, 2017, together with the comparative period data as at and for the period/ year ended March 31, 2016. In preparing these condensed financial statements, the Group's opening balance sheet was prepared as at April 1, 2015, the Group's date of transition to Ind-AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP consolidated financial statements, including the balance sheet as at April 1, 2015 and the consolidated financial statements as at and for the period / year ended March 31, 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain optional exemptions from the retrospective application of certain requirements under Ind AS.
The Group has applied the following optional exemptions:

A. Business combinations
The Group has applied Ind AS 103, "Business combinations" to all the business combinations that occurred after the date of transition to Ind AS i.e. April 1, 2015. Accordingly, business combinations prior to April 1, 2015 have not been restated.

B. Share based payment transactions
The Group has not applied Ind AS 102, "Share based payment" to equity instruments that vested before the date of transition to Ind AS i.e. April 1, 2015. Accordingly, equity instruments that have vested prior to April 1, 2015 have not been fair valued.

Explanation of transition to Ind AS

The below mentioned reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101 for the following:
- equity as at April 1, 2015
- equity as at March 31, 2016
- Profit for the quarter and year ended March 31, 2016

There are no material adjustments to the cash flow statements.

(This space is intentionally left blank)

Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

In the reconciliations mentioned above, certain reclassifications are made to Indian GAAP financial information to align with the Ind AS presentation.

(In ₹ Million)

Particulars	Note	1-Apr-15				31-Mar-16				Remarks
		Indian GAAP	Effect of transition to Ind AS	Reclassification adjustments	Ind AS	Indian GAAP	Effect of transition to Ind AS	Reclassification adjustments	Ind AS	
Liabilities										
Trade payables	21	528.73	(31.73)	-	**497.00**	1,651.02	(51.70)	-	**1,599.32**	Note 1
Short-term provisions	24	1,755.23	(481.43)	-	**1,273.80**	1,223.63	-	-	**1,223.63**	Note 2
Other current liabilities	23	1,264.72	-	(535.01)	**729.71**	1,642.16	-	(534.63)	**1,107.53**	Note 2
Assets										
Property, plant and equipment	6.1	3,057.24	(36.56)	-	**3,020.68**	3,007.45	(39.24)	-	**2,968.21**	Note 8
Goodwill / (Capital reserve) on consolidation	BS		-	-	**-**	174.88	(248.13)	-	**(73.25)**	Note 3
Goodwill	6.2	23.91	-	-	**23.91**	-	77.87	-	**77.87**	Note 3
Intangible assets	6.3	995.30	-	-	**995.30**	1,180.38	144.77	-	**1,325.15**	Note 3
Deferred tax assets	10	315.44	(70.99)	-	**244.45**	232.75	(103.74)		**129.01**	Note 9
Non-current investments	7	2,115.54	163.63	29.00	**2,308.17**	1,347.92	104.15	17.22	**1,469.29**	Note 4
Non current loans (Security deposits)	8	72.75	(15.25)	-	**57.50**	102.61	(16.38)	-	**86.23**	Note 5
Other non-current assets (Capital advance and Advance recoverable in cash or kind)	11	30.39	50.34	-	**80.73**	595.32	53.81	-	**649.13**	Note 5 and Note 8
Current investments	12	4,619.75	41.48	-	**4,661.23**	4,827.55	86.81	-	**4,914.36**	Note 4

Reconciliation of profit

(In ₹ Million)

Particulars	Note	Quarter ended March 31, 2016				Year ended March 31, 2016				Note
		Indian GAAP	Effect of transition to Ind AS	Reclassification adjustments	Ind AS	Indian GAAP	Effect of transition to Ind AS	Reclassification adjustments	Ind AS	
Income										
Revenue from operations (net)	25	6,771.10	-	-	**6,771.10**	23,123.31	-	-	**23,123.31**	
Other income	26	217.32	(32.90)	-	**184.42**	784.49	(11.61)	-	**772.88**	Note 4 and Note 5
Employee benefits expense	27.1	4,156.83	47.98	-	**4,204.81**	13,828.26	239.34	-	**14,067.60**	Note 6 and Note 7
Other expenses	28	1,060.61	(3.51)	-	**1,057.10**	3,570.56	(16.56)	-	**3,554.00**	Note 1, Note 5 and Note 8
Depreciation and amortization expense	6.4	255.92	8.64	-	**264.56**	965.16	24.97	-	**990.13**	Note 3 and Note 8
Profit before tax		1,027.90	(86.01)	-	**941.89**	3,956.27	(259.36)	-	**3,696.91**	
Total tax expense		219.83	(11.97)	3.06	**210.92**	982.66	(15.67)	(43.07)	**923.92**	Note 9
Net profit for the period / year		808.07	(74.04)	(3.06)	**730.97**	2,973.61	(243.69)	43.07	**2,772.99**	

(This space is intentionally left blank)

Notes

Note 1

Under Indian GAAP, the expenditure and corresponding liability for escalation of lease rent during non-cancellable lease period is required to be considered and total lease rent payable during non-cancellable lease period is recognized on straight line basis over the non-cancellable lease period. Under Ind AS, this additional expenses and corresponding liability on lease escalation is not required to be recognized if such escalation represents normal inflation in the economy. Accordingly, the excess expenses and corresponding lease escalation liability is reversed. The impact arising on this change is summarized as follows:

(In ₹ Million)

Particulars	1-Apr-15	QE 31-Mar-16	YE 31-Mar-16
Consolidated statement of profit and loss			
Other expenses - Rent	-	(4.42)	(19.97)
Consolidated balance sheet			
Trade payables	(31.73)	(51.70)	(51.70)
Adjustment to retained earnings	31.73	-	-

Note 2

Under Indian GAAP, a liability is recognized in respect of proposed dividend on Company's equity shares, even though the dividend is expected to be approved by the shareholders subsequent to reporting date. Under Ind AS, the liability for dividend is recognized only when it is approved by the shareholders. The impact arising on this change is summarized as follows:

(In ₹ Million)

Particulars	1-Apr-15	31-Mar-16
Consolidated balance sheet		
Short-term provisions - Dividend payable and tax thereon	(481.43)	-
Other current liabilities Dividend payable and tax thereon		
Adjustment to retained earnings	481.43	-

Financial liabilities of ₹ 535.01 million as at April 1, 2015 and of ₹ 534.63 million as at March 31, 2016 have been reclassified from other current liabilities to other current financial liabilities in accordance with Ind AS compliant Schedule III.

Note 3

Under Indian GAAP, in case of acquisitions, the difference between the value of net consideration and the value of net assets acquired is recognized as goodwill / capital reserve on consolidation. Under Ind AS, all identifiable intangible assets are recognized at their fair values separately from goodwill arising out of business combinations. The impact arising on this change is summarized as follows:

(In ₹ Million)

Particulars	1-Apr-15	QE 31- Mar-16	YE 31-Mar-16
Consolidated statement of profit and loss			
Depreciation and amortization expense	-	8.78	25.49
Consolidated balance sheet			
Goodwill on consolidation	-	(248.13)	(248.13)
Goodwill		77.87	77.87
Intangible assets (net of amortization)	-	144.77	144.77

(This space is intentionally left blank)

Notes forming part of condensed consolidated financial statements

Note 4

Under Indian GAAP, the long-term investments (investments in equity shares and mutual funds) are stated at cost as reduced by the permanent diminution in value of investment, if any. The short-term investments (current portion of mutual funds) are stated at lower of cost and market value. Under Ind As, the investments in mutual funds and equity shares are stated at their fair values. The impact arising on this change is summarized as follows:

(In ₹ Million)

Particulars	1-Apr-15	QE 31-Mar-16	YE 31-Mar-16
Consolidated statement of profit and loss			
Other income	-	(33.58)	(14.16)
Consolidated balance sheet			
Non-current investments - Mutual Funds	163.63	104.15	104.15
Current investments - Mutual Funds	41.48	86.81	86.81
Adjustment to retained earnings	205.11	-	-

Interest accrued of ₹ 29.00 million as at April 1, 2015 and of ₹ 17.22 million as at March 31, 2016 has been reclassified from other current assets to non-current investments.

Note 5

Under Indian GAAP, the long-term security deposits are recognized at the transaction value. Under Ind AS, the long-term security deposits (financial assets) are recognized at the fair value under amortized cost method. The difference between the fair value and the transaction value is considered as prepaid rent and amortized over the period of lease. The finance income is recognized on the amortized cost of security deposits for the reported period. The impact arising on this change is summarized as follows:

(In ₹ Million)

Particulars	1-Apr-15	QE 31-Mar-16	YE 31-Mar-16
Consolidated statement of profit and loss			
Other expenses (Rent)	-	0.77	2.89
Other income (Miscellaneous income)	-	0.68	2.55
Consolidated balance sheet			
Non current loans - Security deposits	(15.25)	(16.38)	(16.38)
Other non current assets (Advances recoverable in cash or kind or for value to be received)	13.78	14.57	14.57
Adjustment to retained earnings	(1.47)	-	-

Note 6

Under Indian GAAP, the actuarial gain / loss on defined benefit obligations and plan assets is recognized as employee benefit expenses in the statement of profit and loss. Under Ind AS, such actuarial gain / loss is recognized under other comprehensive income and classified as equity. The impact arising on this change is summarized as follows:

(In ₹ Million)

Particulars	1-Apr-15	QE 31-Mar-16	YE 31-Mar-16
Consolidated statement of profit and loss			
Employee benefit expenses	-	42.59	222.67
Consolidated balance sheet			
Other comprehensive income	-	42.59	222.67

(This space is intentionally left blank)

Note 7

Under Indian GAAP, the Employee stock compensation expenses are recognized at the intrinsic value as on the date of grant. Under Ind AS, the Employee stock compensation expenses are recognized at the fair value as on the date of grant . The fair valuation is made for the shares not vested as on March 31, 2015. The net impact arising on these adjustments is summarized below:

(In ₹ Million)

Particulars	1-Apr-15	QE 31-Mar-16	YE 31-Mar-16
Consolidated statement of profit and loss			
Employee benefit expenses	-	5.39	16.67
Consolidated balance sheet			
Employees share options outstanding account	74.29	16.67	16.67
Adjustment to retained earnings	(74.29)	-	-

Note 8

Under Indian GAAP, the amount of upfront premium paid for the leasehold land is classified under tangible assets if the lease is for the significantly longer period. However, such upfront premium on leasehold land is classified as prepaid expenses under Ind AS. Further, amortization of upfront lease premium is reclassified from depreciation and amortization expenses to rent. The net impact arising on these adjustments is summarized below:

(In ₹ Million)

Particulars	1-Apr-15	QE 31-Mar-16	YE 31-Mar-16
Consolidated statement of profit and loss			
Depreciation and amortization expense	-	(0.14)	(0.52)
Other expenses - Rent	-	0.14	0.52
Consolidated balance sheet			
Other non current assets (Advances recoverable in cash or kind or for value to be received)	36.56	39.24	39.24
Property, plant and equipments	(36.56)	(39.24)	(39.24)
			-

Note 9

Under Indian GAAP, the long-term investments (investments in equity shares and mutual funds) are stated at cost as reduced by the permanent diminution in value of investment, if any. The short-term investments (current portion of mutual funds) are stated at lower of cost and market value. Under Ind As, the investments in mutual funds and equity shares are stated at their fair values. There are temporary taxable differences in respect of the intangible assets recognized under business combination. Further, deferred tax in respect of cash flow hedges is recognised under other comprehensive income. The impact arising on this change on deferred tax is summarized as follows:

(In ₹ Million)

Particulars	1-Apr-15	QE 31-Mar-16	YE 31-Mar-16
Consolidated statement of profit and loss			
Deferred tax charge / (credit)	-	(11.97)	(15.67)
Other comprehensive income			
Deferred tax charge / (credit)		48.42	48.42
Adjustment to retained earnings	70.99	-	-
Consolidated balance sheet			
Deferred tax asset	(70.99)	(103.74)	(103.74)

Further, the tax effects of the items presented in other comprehensive income amounting to ₹ 3.06 million for the quarter ended March 31, 2016 and ₹ 43.07 million for the year ended March 31, 2016 have been reclassified to other comprehensive income from the statement of profit and loss.

(This space is intentionally left blank)

33. On July 02, 2015, the Company, through its wholly owned subsidiary Persistent Systems Inc., acquired the entire equity capital of US based Akshat Corporation (d.b.a. RGen Solutions in USA). In addition to the upfront purchase consideration, the stock purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The additional contingent consideration payable to the selling shareholders is subject to a maximum amount of USD 3.75 million. 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.

34. Persistent Systems Inc. (a wholly owned subsidiary of Persistent Systems Limited) acquired Digital Content Management Solution product from the US based Akumina Inc. on November 9, 2015. In addition to the upfront purchase consideration, the asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The additional contingent consideration payable to Akumina Inc., is subject to maximum amount of USD 5.00 million. 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.

35. Persistent Telecom Solutions Inc. (a wholly owned subsidiary of Persistent Systems Inc.) acquired a cloud platform open source software from Citrix on February 28, 2016. In addition to the upfront purchase consideration, 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.

36. Valista Inc.has been dissolved with effect from June 28, 2016. Valista Limited, the holding Company took over all the assets and liabilities of Valista Inc.on the date of dissolution.

37. A US based corporation had filed a suit in the year 2014 against a step down subsidiary of the Parent Company, claiming 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 and an amount of ₹ 114.11 million has been accounted as an expense, net of insurance claim receivable which is based on the legal opinion obtained.

38. The financial statements are presented in ₹ million and decimal thereof except for per share information or as otherwise stated.

39. Previous period's / year's figures have been regrouped where necessary to conform to current years' classification.

(This space is intentionally left blank)