

Audited unconsolidated financial results of Persistent Systems Limited for the quarter and half year ended September 30, 2014

in ` Million except for Share data

Sr. No.	Particulars		Quarter ended			Half year ended		Year ended
			Sept 30, 2014 (Audited)	June 30, 2014 (Audited)	Sept 30, 2013 (Audited)	Sept 30, 2014 (Audited)	Sept 30, 2013 (Audited)	March 31, 2014 (Audited)
1	Income							
	Income from operations (net)		3,010.62	2,907.11	3,079.28	5,917.73	5,721.84	11,841.16
	Total Income from operations		3,010.62	2,907.11	3,079.28	5,917.73	5,721.84	11,841.16
2	Expenses							
	- Employee benefit expenses		1,549.03	1,454.54	1,399.68	3,003.57	2,643.71	5,581.70
	- Cost of technical professionals		456.37	260.29	321.96	716.66	575.32	1,094.57
	- Depreciation and amortization expense		119.94	115.61	151.28	235.55	300.53	584.08
	- Other expenses		426.92	350.91	498.62	777.83	727.17	1,506.03
	Total Expenses		2,552.26	2,181.35	2,371.54	4,733.61	4,246.73	8,766.38
3	Profit/ (Loss) from operations before other income, finance cost and exceptional items	(1-2)	458.36	725.76	707.74	1,184.12	1,475.11	3,074.78
4	Other income		275.21	245.18	93.30	520.39	254.39	345.58
5	Profit/ (Loss) from ordinary activities before finance cost and exceptional items	(3+4)	733.57	970.94	801.04	1,704.51	1,729.50	3,420.36
6	Finance cost		0.23	0.20	0.13	0.43	0.22	0.53
7	Profit/ (Loss) from ordinary activities after finance cost but before exceptional items	(5-6)	733.34	970.74	800.91	1,704.08	1,729.28	3,419.83
8	Exceptional items		-	-	-	-	-	-
9	Profit/ (Loss) from ordinary activities before tax	(7+8)	733.34	970.74	800.91	1,704.08	1,729.28	3,419.83
10	Tax expense		175.49	258.12	193.18	433.61	426.20	934.13
11	Net Profit/ (Loss) from ordinary activities after tax	(9-10)	557.85	712.62	607.73	1,270.47	1,303.08	2,485.70
12	Extra-ordinary items		-	-	-	-	-	-
13	Net Profit/ (Loss) for the period/ year	(11-12)	557.85	712.62	607.73	1,270.47	1,303.08	2,485.70
	Paid-up equity share capital		400.00	400.00	400.00	400.00	400.00	400.00
	(Face value of share ` 10 each)							
	Reserves excluding revaluation reserves							11,618.68
	Earnings per share (EPS) in `							
	Before extra ordinary items (not annualised)							
	- Basic		14.17	18.15	15.65	32.31	33.60	63.89
	- Diluted		13.95	17.82	15.19	31.76	32.58	62.14
	After extra ordinary items (not annualised)							
	- Basic		14.17	18.15	15.65	32.31	33.60	63.89
	- Diluted		13.95	17.82	15.19	31.76	32.58	62.14
	Dividend per share							
	Interim dividend		-	-	-	-	-	8.00
	Final dividend		-	-	-	-	-	4.00
	Total dividend		-	-	-	-	-	12.00
	Particulars of shareholding							
	Public shareholding							
	- Number of shares		24,420,880	24,414,480	24,417,705	24,420,880	24,417,705	24,415,180
	- Percentage of shareholding		61.05	61.04	61.04	61.05	61.04	61.04
	Promoters and promoter group shareholding							
	Pledged / encumbered							
	- Number of shares		-	-	-	-	-	-
	- Percentage of shares		-	-	-	-	-	-
	(as a % of the total share holding of promoter and promoter group)							
	Non-encumbered							
	- Number of shares		15,579,120	15,585,520	15,582,295	15,579,120	15,582,295	15,584,820
	- Percentage of shares		38.95	38.96	38.96	38.95	38.96	38.96
	(as a % of the total share capital of the Company)							
	- Percentage of shares		100.00	100.00	100.00	100.00	100.00	100.00
	(as a % of the total share holding of promoter and promoter group)							

Audited unconsolidated statement of assets and liabilities

in ` Million

Sr. No.	Particulars	As at		
		Sept 30, 2014 (Audited)	Sept 30, 2013 (Audited)	March 31, 2014 (Audited)
A	Equity and liabilities			
I	Shareholders' funds			
	- Share capital	400.00	400.00	400.00
	- Reserves and surplus	12,730.96	10,499.22	11,618.68
	Sub-total - Shareholders' funds	13,130.96	10,899.22	12,018.68
II	Non current liabilities			
	- Long term borrowings	41.91	23.35	31.87
	- Other long term liabilities	1.12	0.58	0.89
	- Long term provisions	105.46	84.55	93.23
	Sub-total - Non-current liabilities	148.49	108.48	125.99
III	Current liabilities			
	- Trade payables	539.35	287.13	271.89
	- Other current liabilities	409.56	712.90	335.84
	- Short term provisions	525.28	538.48	731.05
	Sub-total - Current liabilities	1,474.19	1,538.51	1,338.78
	Total Equity and liabilities	14,753.64	12,546.21	13,483.45
B	Assets			
I	Non-current assets			
	- Fixed assets	3,115.52	3,131.09	3,022.71
	- Non-current investments	2,573.41	750.25	1,441.20
	- Deferred tax assets (net)	133.30	154.37	136.46
	- Long term loans and advances	540.42	521.09	459.43
	- Other non-current assets	37.63	449.13	465.57
	Sub-total - Non-current assets	6,400.28	5,005.93	5,525.37
II	Current assets			
	- Current investments	4,039.33	3,766.69	4,071.36
	- Trade receivables	2,685.24	2,407.30	2,265.93
	- Cash and bank balances	746.91	570.38	589.37
	- Short term loans and advances	340.38	425.88	362.34
	- Other current assets	541.50	370.03	669.08
	Sub-total - Current assets	8,353.36	7,540.28	7,958.08
	Total - Assets	14,753.64	12,546.21	13,483.45

Information on investor complaints pursuant to clause 41 of the Listing Agreement for the quarter ended September 30, 2014

Nature of Investor complaints	Opening Balance	Additions	Disposals	Closing Balance
Non-IPO Related	-	-	-	-
IPO Related	-	-	-	-

Notes:

- 1 The audited financial statements for the quarter and half year ended September 30, 2014, have been taken on record by the Board of Directors at its meeting concluded on October 18, 2014, as recommended by the Audit Committee at its meeting held on October 17, 2014. The statutory auditors have expressed an unqualified audit opinion.
- 2 The audited financial statements are prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) and in terms of Schedule III to the Companies Act, 2013. The financial information presented above is extracted from and is harmonized to conform with the audited financial statements.
- 3 During the quarter, the Company received the consent of the Members of the Company to increase the investment limit by the Foreign Institutional Investors (FIIs) / Registered Foreign Portfolio Investors (RFPIs) from existing limit of 24% to 49% of the paid-up share capital of the Company through Postal Ballot and electronic voting (Postal Ballot). Post Members' approval, the Company sought the approval of the RBI on September 19, 2014 to withdraw the press release imposing restriction on FIIs / RFPIs to invest in the Company shares through open market. The Company has received the said approval by the RBI on October 14, 2014.
- 4 The Board of Directors, at its meeting concluded on October 18, 2014, has renamed the Shareholders' / Investors' Grievance Committee as 'Stakeholders' Relationship Committee' in terms of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement.
- 5 Figures for the previous periods/year have been regrouped wherever necessary to conform to current period presentation.

By order of Board of Directors of Persistent Systems Limited

Pune
October 18, 2014

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar
Director

"For risks and uncertainties relating to forward-looking statements, please visit our website :- www.persistent.com"

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Joshi Apte & Co.
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999 Navi Peth, Pune – 411 030

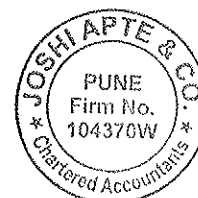
Independent Auditors' Report

TO,
THE BOARD OF DIRECTORS OF
PERSISTENT SYSTEMS LIMITED

1. We have audited the accompanying Statement of Standalone Financial Results of **PERSISTENT SYSTEMS LIMITED** (“the Company”) for the quarter and the half year ended September 30, 2014 (“the Statement”), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures regarding ‘Public Shareholding’ and ‘Promoter and Promoter Group Shareholding’ referred to in paragraph 4 below. This Statement has been prepared on the basis of the related interim condensed financial statements, which is the responsibility of the Company’s Management and has been approved by the Board of Directors. Our responsibility is to express an opinion on the Statement, based on our audit of the related interim condensed financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS-25) on Interim Financial Reporting specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India.
2. We conducted our audit of the Statement in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Statement. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - (i) is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges; and
 - (ii) gives a true and fair view in conformity with the accounting principles generally accepted in India of the net profit and other financial information of the Company for the quarter and the half year ended September 30, 2014.



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4. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged / encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding, in terms of Clause 35 of the Listing Agreements with the Stock Exchanges and the particulars relating to the investor complaints disclosed for the quarter and the half year ended September 30, 2014 of the Statement, from the details furnished by the Management.

For Deloitte Haskins & Sells LLP.

ICAI Firm Registration NO.:117366W/W-100018

Chartered Accountants

per Hemant M. Joshi

Partner

Membership No.: 038019

Place: Pune

Date: October 18,2014



For Joshi Apte & Co.

ICAI Firm Registration No: 104370W

Chartered Accountants

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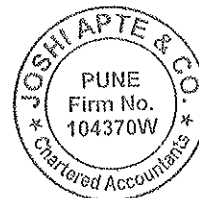
per C. K. Joshi

Partner

Membership No.:030428

Place: Pune

Date: October 18,2014



Persistent Systems Limited

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PERSISTENT

Audited consolidated financial results of Persistent Systems Limited for the quarter and half year ended September 30, 2014

₹ in Million except for Share data

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2014 (Audited)	June 30, 2014 (Audited)	September 30, 2013 (Audited)	September 30, 2014 (Audited)	September 30, 2013 (Audited)	March 31, 2014 (Audited)
1	Income						
	Income from operations (net)	4,641.74	4,349.87	4,323.71	8,991.61	7,896.59	16,691.53
	Total Income from Operations	4,641.74	4,349.87	4,323.71	8,991.61	7,896.59	16,691.53
2	Expenses						
	- Employee benefit expenses	2,732.05	2,530.05	2,320.48	5,262.10	4,321.51	9,089.68
	- Cost of technical professionals	254.39	240.07	254.72	494.46	455.15	905.77
	- Depreciation and amortization expense	237.20	227.59	262.86	464.79	499.67	1,025.95
	- Other expenses	693.57	635.77	740.95	1,329.34	1,228.70	2,553.17
	Total Expenses	3,917.21	3,633.48	3,579.01	7,550.69	6,505.03	13,574.57
3	Profit/ (Loss) from operations before other income, finance cost and exceptional items	(1-2)	724.53	716.39	1,440.92	1,391.56	3,116.96
4	Other income	269.47	237.96	90.36	507.43	246.71	310.16
5	Profit/ (Loss) from ordinary activities before finance cost and exceptional items	(3+4)	994.00	954.35	835.06	1,948.35	3,427.12
6	Finance cost	0.23	0.20	0.13	0.43	0.22	0.53
7	Profit/ (Loss) from ordinary activities after finance cost but before exceptional items	(5-6)	993.77	954.15	834.93	1,947.92	3,426.59
8	Exceptional items	---	---	---	---	---	---
9	Profit/ (Loss) from ordinary activities before tax	(7+8)	993.77	954.15	834.93	1,947.92	3,426.59
10	Tax expense	280.62	266.11	227.08	546.73	459.25	933.82
11	Net Profit/ (Loss) from ordinary activities after tax	(9-10)	713.15	688.04	607.85	1,401.19	2,492.77
12	Extra-ordinary items	---	---	---	---	---	---
13	Net Profit/ (Loss) for the period / year	(11-12)	713.15	688.04	607.85	1,401.19	2,492.77
	Paid-up equity share capital (Face value of share ₹ 10 each)	400.00	400.00	400.00	400.00	400.00	400.00
	Reserves excluding revaluation reserves	---	---	---	---	---	11,823.44
	Earnings per share (EPS) in ₹						
	Before extra ordinary items (not annualised)						
	- Basic	18.11	17.53	15.65	35.64	30.40	64.07
	- Diluted	17.83	17.20	15.20	35.03	29.47	62.32
	After extra ordinary items (not annualised)						
	- Basic	18.11	17.53	15.65	35.64	30.40	64.07
	- Diluted	17.83	17.20	15.20	35.03	29.47	62.32
	Dividend per share						
	Interim dividend	---	---	---	---	---	8.00
	Final dividend	---	---	---	---	---	4.00
	Total dividend	---	---	---	---	---	12.00
	Particulars of shareholding						
	Public shareholding						
	- Number of shares	24,420,880	24,414,480	24,417,705	24,420,880	24,417,705	24,415,180
	- Percentage of shareholding	61.05	61.04	61.04	61.05	61.04	61.04
	Promoters and promoter group shareholding						
	Pledged / encumbered						
	- Number of shares	---	---	---	---	---	---
	- Percentage of shares (as a % of the total share holding of promoter and promoter group)	---	---	---	---	---	---
	Non-encumbered						
	- Number of shares	15,579,120	15,585,520	15,582,295	15,579,120	15,582,295	15,584,820
	- Percentage of shares (as a % of the total share capital of the Company)	38.95	38.96	38.96	38.95	38.96	38.96
	- Percentage of shares (as a % of the total share holding of promoter and promoter group)	100.00	100.00	100.00	100.00	100.00	100.00

Note: The audited unconsolidated results of Persistent Systems Limited for the quarter and half year ended September 30, 2014 are available on our website - www.persistent.com.

Segment wise Revenue, Results and Capital Employed

₹ in Million

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2014 (Audited)	June 30, 2014 (Audited)	September 30, 2013 (Audited)	September 30, 2014 (Audited)	September 30, 2013 (Audited)	March 31, 2014 (Audited)
1	Segment revenue						
	- Infrastructure and Systems	2,601.19	2,371.65	2,990.58	4,972.84	5,460.99	11,640.28
	- Telecom and Wireless	775.02	805.85	761.77	1,580.87	1,500.52	2,969.98
	- Life Sciences and Healthcare	619.74	571.71	571.36	1,191.45	935.08	2,081.27
	- Financial Services	645.79	600.66	---	1,246.45	---	---
	Total	4,641.74	4,349.87	4,323.71	8,991.61	7,896.59	16,691.53
2	Less: Inter segment revenue	---	---	---	---	---	---
3	Net sales/income from operations	4,641.74	4,349.87	4,323.71	8,991.61	7,896.59	16,691.53
4	Segment results profit/ (loss) before tax, interest and depreciation and amortization						
	- Infrastructure and Systems	1,135.33	1,058.72	1,323.44	2,194.05	2,317.55	5,234.50
	- Telecom and Wireless	315.61	339.26	418.34	654.87	828.44	1,637.36
	- Life Sciences and Healthcare	309.82	295.25	301.91	605.07	480.12	1,085.33
	- Financial Services	237.07	142.27	---	379.34	---	---
	Total	1,997.83	1,835.50	2,043.69	3,833.33	3,626.11	7,957.19
5	Less:						
	- Finance cost	0.23	0.20	0.13	0.43	0.22	0.53
	- Other un-allocable expenses	1,273.30	1,119.11	1,298.99	2,392.41	2,234.55	4,840.23
6	Un-allocable income	269.47	237.96	90.36	507.43	246.71	310.16
7	Total profit before tax	993.77	954.15	834.93	1,947.92	1,638.05	3,426.59

Notes for segment wise information:

Segment wise capital employed

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 liabilities and other non-cash expenses to individual segments and an ad-hoc allocation will not be meaningful.

Audited consolidated statement of assets and liabilities

₹ in Million

Particulars	As at		
	September 30, 2014 (Audited)	September 30, 2013 (Audited)	March 31, 2014 (Audited)
A Equity and liabilities			
I Shareholders' funds			
- Share capital	400.00	400.00	400.00
- Reserves and surplus	13,084.64	10,601.88	11,823.44
Sub-total - Shareholders' funds	13,484.64	11,001.88	12,223.44
II Non current liabilities			
- Long term borrowings	41.91	23.35	31.87
- Other long term liabilities	1.12	629.96	300.59
- Long term provisions	105.46	84.55	93.23
Sub-total - Non-current liabilities	148.49	737.86	425.69
III Current liabilities			
- Trade payables	578.59	403.66	433.73
- Other current liabilities	1,152.10	1,018.08	1,140.11
- Short term provisions	1,046.66	1,024.51	1,210.87
Sub-total - Current liabilities	2,777.35	2,446.25	2,784.71
Total Equity and liabilities	16,410.48	14,185.99	15,433.84
B Assets			
I Non-current assets			
- Goodwill on consolidation	23.64	---	22.94
- Fixed assets	4,290.12	4,696.04	4,361.75
- Non-current investments	1,651.36	172.69	823.23
- Deferred tax assets (net)	263.38	234.92	260.12
- Long term loans and advances	127.81	174.42	137.97
- Other non-current assets	25.57	440.08	459.44
Sub-total - Non-current assets	6,381.88	5,718.15	6,065.45
II Current assets			
- Current investments	4,039.33	3,766.69	4,071.36
- Trade receivables	3,423.71	2,891.41	3,028.17
- Cash and bank balances	1,216.22	861.98	956.54
- Short term loans and advances	498.03	373.29	410.07
- Other current assets	851.31	574.47	902.25
Sub-total - Current assets	10,028.60	8,467.84	9,368.39
Total - Assets	16,410.48	14,185.99	15,433.84

Audited unconsolidated financial information

₹ in Million

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2014 (Audited)	June 30, 2014 (Audited)	September 30, 2013 (Audited)	September 30, 2014 (Audited)	September 30, 2013 (Audited)	March 31, 2014 (Audited)
1	Sale of software services	3,010.62	2,907.11	3,079.28	5,917.73	5,721.84	11,841.16
2	Profit before tax	733.34	970.74	800.91	1,704.08	1,729.28	3,419.83
3	Profit after tax	557.85	712.62	607.73	1,270.47	1,303.08	2,485.70

Information on investor complaints pursuant to clause 41 of the Listing Agreement for the quarter ended September 30, 2014

Nature of Investor complaints	Opening Balance	Additions	Disposal	Closing Balance
Non-IPO Related	---	---	---	---
IPO Related	---	---	---	---

Notes:

- The audited financial statements for the quarter and half year ended September 30, 2014, have been taken on record by the Board of Directors at its meeting concluded on October 18, 2014, as recommended by the Audit Committee at its meeting held on October 17, 2014. The statutory auditors have expressed an unqualified audit opinion.
- The audited financial statements are prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) and in terms of Schedule III to the Companies Act, 2013. The financial information presented above is extracted from and is harmonized to conform with the audited financial statements.
- During the quarter, the Company received the consent of the Members of the Company to increase the investment limit by the Foreign Institutional Investors (FIIs) / Registered Foreign Portfolio Investors (RFPs) from existing limit of 24% to 49% of the paid-up share capital of the Company through Postal Ballot and electronic voting (Postal Ballot). Post Members' approval, the Company sought the approval of the RBI on September 19, 2014 to withdraw the press release imposing restriction on FIIs / RFPs to invest in the Company shares through open market. The Company has received the said approval by the RBI on October 14, 2014.
- The Board of Directors, at its meeting concluded on October 18, 2014, has renamed the Shareholders' / Investors' Grievance Committee as 'Stakeholders' Relationship Committee' in terms of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement.
- Figures for the previous periods/year have been regrouped wherever necessary to conform to current period presentation.

By order of Board of Directors of Persistent Systems Limited

Pune
October 18, 2014

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrookar
Director

"For risks and uncertainties relating to forward-looking statements, please visit our website - www.persistent.com"

Deloitte Haskins & Sells LLP
Chartered Accountants
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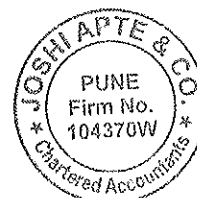
Joshi Apte & Co.
Chartered Accountants
"Dwarka", First Floor
2 Phatak Baug Society
999 Navi Peth, Pune – 411 030

Independent Auditors' Report

TO,
THE BOARD OF DIRECTORS OF
PERSISTENT SYSTEMS LIMITED

1. We have audited the accompanying Statement of Consolidated Financial Results of **PERSISTENT SYSTEMS LIMITED** ("the Company"), and its subsidiaries (the Company and its subsidiaries constitute "the Group") for the quarter and the half year ended September 30, 2014 ("the Statement"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' referred to in paragraph 5 below. This Statement has been prepared on the basis of the related interim condensed consolidated financial statements, which is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to express an opinion on the Statement, based on our audit of the related interim condensed consolidated financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS-25) on Interim Financial Reporting specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India.
2. We conducted our audit of the Statement in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Statement. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The condensed consolidated financial statements includes financial statements of all the subsidiaries which reflect total assets (net) of Rs. 1,825.84 Million as at September 30, 2014, total revenue (net) of Rs. 2,207.91 Million and Rs. 4,165.61 Million and total net profit after tax of Rs. 284.02 Million and Rs. 513.04 Million respectively for the quarter and the half year then ended, which have been audited by M/s Joshi Apte & Co. and not by Deloitte Haskins & Sells LLP.

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4. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
- a. includes the results of the following entities:
 - 1. Persistent Systems, Inc.
 - 2. Persistent Systems Pte Limited
 - 3. Persistent Systems France SAS
 - 4. Persistent Telecom Solutions, Inc.
 - 5. Persistent Systems Malaysia Sdn. Bhd.
 - 6. CloudSquads Inc.
 - b. is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges; and
 - c. gives a true and fair view in conformity with the accounting principles generally accepted in India of the net profit and other financial information of the Group for the quarter and the half year ended September 30, 2014.
5. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged / encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements with the Stock Exchanges and the particulars relating to investor complaints disclosed for the quarter and the half year ended September 30, 2014 of the Statement, from the details furnished by the Management.

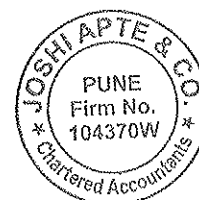
For Deloitte Haskins & Sells LLP.
ICAI Firm Registration NO.:117366W/W-100018
Chartered Accountants

per Hemant M. Joshi
Partner
Membership No.: 038019
Place: Pune
Date: October 18,2014



For Joshi Apte & Co.
ICAI Firm Registration No: 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership No.: 030428
Place: Pune
Date: October 18,2014





Persistent Systems Q2FY15 Revenue grows sequentially 6.7% to INR 4,642 Million and PAT grows to INR 713 Million

Pune, India and Santa Clara, CA – Oct 18, 2014:

News Summary:

Persistent Systems (BSE & NSE: PERSISTENT), today announced the Company's audited financial results for the quarter ended Sep 30, 2014, as approved by the Board of Directors.

Consolidated Financial Highlights for the Quarter ended September 30, 2014:

Particulars	Q2 FY15	Q-o-Q growth	Y-o-Y growth
Revenue	USD 76.32 Million	5.0%	11.5%
	INR 4,641.74 Million	6.7%	7.4%
PBT	INR 993.77 Million	4.2%	19.0%
PAT	INR 713.15 Million	3.6%	17.3%

Consolidated Financial Highlights for the half year ended September 30, 2014:

Particulars	H1 FY15	H1 FY14	Growth %
Revenue	USD 148.98 Million	USD 131.48 Million	13.3%
	INR 8,991.61 Million	INR 7,896.59 Million	13.9%
PBT	INR 1,947.92 Million	INR 1,638.05 Million	18.9%
PAT	INR 1,401.19 Million	INR 1,178.80 Million	18.9%

Executive Quote:

“Enterprise digital transformation represents both an urgent imperative and a great opportunity for our customers. We continue to strengthen our partner ecosystem spanning an array of platforms and technologies to drive this digital transformation. These include many of the established industry leaders as well as new companies developing visionary and disruptive solutions,” said Dr. Anand Deshpande, Chairman and Managing Director, Persistent Systems. “How enterprises transform into software-driven businesses is fundamentally different in objective, approach, and speed from IT modernization and outsourcing. Our DNA of building software products and our investments in building frameworks for digital transformation positions us strongly for this opportunity.”

Key Highlights:

- Strategic investment in Pune-based Internet of Things (IoT) start-up Altizon Systems Pvt. Ltd.
- Became Gold partner of Scaled Agile, Inc.
- Launched Center of Excellence for Appian Platform in Columbus, Ohio.
- Attained Oracle Partner Network Specialization for Oracle Identity Governance and Oracle Access Management, the only Oracle partner to achieve both.
- Two years in a row judged Leader in Building Enterprise Software Products by Zinnov.
- Received the Certificate of recognition for Excellence in Corporate Governance for fourth consecutive year by the Institute of Company Secretaries of India.
- Won Computerworld Data+Editor's Choice Award for second year in a row
- Won Researchbytes IC Award 2014 for the Best Investor Communication Practice
- Included in the prestigious ET 500 Economic Times List of top 500 Indian listed companies

About Persistent Systems:

[Persistent Systems](#) (BSE & NSE: PERSISTENT) builds software that drives our customers business, for enterprises and software product companies with software at the core of their digital transformation. For more information, please visit <http://www.persistent.com/>

Forward-looking and Cautionary Statements: For risks and uncertainties relating to forward-looking statements, please visit: http://content.persistent.com/Pslweb/forward_looking_cautionary_statement.shtml

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PERSISTENT
Partners in Innovation

Persistent Systems Limited

Quarter ending September 30, 2014

October 18, 2014

Forward-looking and Cautionary Statements



Certain statements in this Presentation concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, our revenues highly dependent on customers located in the United States, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, concentration of major operations of the Company in one city, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The Company may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with the Stock Exchanges and our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company.

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Key Highlights

Key Highlights – Q2 FY 15 Performance



- USD Revenue grows at 5.0% QoQ and 11.5% YoY to USD 76.32 Million
- INR Revenue grows at 6.7% QoQ and 7.4% YoY to INR 4,641.74 Million,
- Profit before Tax (PBT) grows 4.2% QoQ and 19% YoY to INR 993.77 Million
- Profit after Tax (PAT) grows 3.6% QoQ and 17.3% YoY to INR 713.15 Million

Key Highlights

- Strategic investment in Pune-based Internet of Things (IoT) start-up Altizon Systems Pvt. Ltd.
- Became Gold partner of Scaled Agile, Inc.
- Launched Center of Excellence for Appian Platform in Columbus, Ohio.
- Attained Oracle Partner Network Specialization for Oracle Identity Governance and Oracle Access Management, the only Oracle partner to achieve both.
- Judged Leader in Building Enterprise Software Products two years in a row by Zinnov.
- Received the Certificate of recognition for Excellence in Corporate Governance for fourth consecutive year by the Institute of Company Secretaries of India
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- Won Researchbytes IC Award 2014 for the Best Investor Communication Practice
- Included in the prestigious ET 500 Economic Times List of top 500 Indian listed companies



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Financial Performance

Sequential Q2 FY15 Vs. Q1 FY15



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Particulars	Q2FY15	Q1FY15	Change	Exps / Sales %	
			QoQ	Q2FY15	Q1FY15
Revenue (\$ M)					
Services	61.40	58.15	5.6%		
IP Led	14.92	14.51	2.8%		
Revenue (\$ M)	76.32	72.66	5.0%		
Avg. Exchange Rate Rs. /US\$	60.82	59.87	1.6%		
Revenue (Rs. M)	4,641.74	4,349.87	6.7%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	2,563.86	2,361.33	8.6%	55.2%	54.3%
Purchase / Royalty	93.04	64.84	43.5%	2.0%	1.5%
Project related Travel Expenses	119.12	180.19	-33.9%	2.6%	4.1%
Total Direct costs	2,776.02	2,606.36	6.5%	59.8%	59.9%
Gross Profit	1,865.72	1,743.51	7.0%	40.2%	40.1%
Sales & Marketing Exps	417.50	388.84	7.4%	9.0%	8.9%
Admin. & Other Exps	449.41	418.73	7.3%	9.7%	9.6%
Doubtful Debt Provision	28.60	(28.18)	201.5%	0.6%	-0.6%
CSR Activities	13.48	15.14	-11.0%	0.3%	0.3%
Total SGA	908.99	794.53	14.4%	19.6%	18.3%
EBIDTA	956.73	948.98	0.8%	20.6%	21.8%
Depreciation	118.23	111.92	5.6%	2.5%	2.6%
Amortization	118.97	115.67	2.9%	2.6%	2.6%
EBIT	719.53	721.39	-0.3%	15.5%	16.6%
Other Income / (Loss)	118.82	99.52	19.4%	2.6%	2.3%
Exchange Gain/(Loss)	155.42	133.24	16.6%	3.3%	3.0%
PBT	993.77	954.15	4.2%	21.4%	21.9%
Tax	280.62	266.11	5.5%	6.0%	6.1%
PAT	713.15	688.04	3.6%	15.4%	15.8%

Y-o-Y comparison Q2 FY15 Vs. Q2 FY14



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Particulars	Q2FY15	Q2 FY14	Change	Exps / Sales %	
			YoY	Q2FY15	Q2 FY14
<u>Revenue (\$ M)</u>					
Services	61.40	55.35	10.9%		
IP Led	14.92	13.10	14.0%		
Revenue (\$ M)	76.32	68.45	11.5%		
Avg. Exchange Rate Rs. /US\$	60.82	63.17	-3.7%		
Revenue (Rs. M)	4,641.74	4,323.71	7.4%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	2,563.86	2,198.67	16.6%	55.2%	50.9%
Purchase	93.04	114.14	-18.5%	2.0%	2.6%
Project related Travel Expenses	119.12	112.93	5.5%	2.6%	2.6%
Total Direct costs	2,776.02	2,425.74	14.4%	59.8%	56.1%
Gross Profit	1,865.72	1,897.97	-1.7%	40.2%	43.9%
Sales & Marketing Exps	417.50	381.59	9.4%	9.0%	8.8%
Admin. & Other Exps	449.41	341.64	31.5%	9.7%	7.9%
Doubtful Debt Provision	28.60	33.62	-14.9%	0.6%	0.8%
CSR Activities	13.48	19.05	-29.2%	0.3%	0.4%
Total SGA	908.99	775.90	17.1%	19.6%	17.9%
EBIDTA	956.73	1,122.07	-14.7%	20.6%	26.0%
Depreciation	118.23	110.86	6.6%	2.5%	2.6%
Amortization	118.97	152.00	-21.7%	2.6%	3.5%
EBIT	719.53	859.21	-16.3%	15.5%	19.9%
Other Income / (Loss)	118.82	75.29	57.8%	2.6%	1.7%
Exchange Gain/(Loss)	155.42	(99.57)	256.1%	3.3%	-2.3%
PBT	993.77	834.93	19.0%	21.4%	19.3%
Tax	280.62	227.08	23.6%	6.0%	5.3%
PAT	713.15	607.85	17.3%	15.4%	14.0%

Y-o-Y comparison H1 FY15 Vs. H1 FY14



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Particulars	H1FY15	H1FY14	Change	Exps / Sales %	
			QoQ	H1FY15	H1FY14
<u>Revenue (\$ M)</u>					
Services	119.55	108.89	9.8%		
IP Led	29.43	22.59	30.3%		
Revenue (\$ M)	148.98	131.48	13.3%		
Avg. Exchange Rate Rs. /US\$	60.35	60.06	0.5%		
Revenue (Rs. M)	8,991.61	7,896.59	13.9%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	4,925.19	4,080.49	20.7%	54.8%	51.7%
Purchase / Royalty	157.88	196.34	-19.6%	1.8%	2.5%
Project related Travel Expenses	299.31	253.65	18.0%	3.3%	3.2%
Total Direct costs	5,382.38	4,530.48	18.8%	59.9%	57.4%
Gross Profit	3,609.23	3,366.11	7.2%	40.1%	42.6%
Sales & Marketing Exps	806.34	700.78	15.1%	9.0%	8.9%
Admin. & Other Exps	868.14	681.41	27.4%	9.6%	8.6%
Doubtful Debt Provision	0.42	62.99	-99.3%	0.0%	0.8%
CSR Activities	28.62	21.93	30.5%	0.3%	0.3%
Total SGA	1,703.52	1,467.11	16.1%	18.9%	18.6%
EBIDTA	1,905.71	1,899.00	0.4%	21.2%	24.0%
Depreciation	230.15	215.82	6.6%	2.6%	2.7%
Amortization	234.64	283.85	-17.3%	2.6%	3.6%
EBIT	1,440.92	1,399.33	3.0%	16.0%	17.7%
Other Income / (Loss)	218.34	154.85	41.0%	2.4%	2.0%
Exchange Gain/(Loss)	288.66	83.87	244.2%	3.2%	1.1%
PBT	1,947.92	1,638.05	18.9%	21.7%	20.8%
Tax	546.73	459.25	19.1%	6.1%	5.8%
PAT	1,401.19	1,178.80	18.9%	15.6%	15.0%

Consolidated Balance Sheet



PERSISTENT

INR M

	As at September 30, 2014	As at March 31, 2014	As at September 30, 2013
Equity and Liabilities			
Equity Share Capital	400.00	400.00	400.00
Reserves & Surplus	13,084.64	11,823.44	10,601.88
Non-Current Liabilities	148.49	425.69	737.86
Current Liabilities	2,777.35	2,784.71	2,446.25
Total sources of Funds	16,410.48	15,433.84	14,185.99
Assets			
Fixed Assets	4,313.76	4,384.69	4,696.04
Deferred Tax asset (Net)	263.38	260.12	234.92
Long term loans & advances	127.81	137.97	174.42
Current Assets	4,773.05	4,340.49	3,839.17
Cash & Investments	6,932.48	6,310.57	5,241.44
Total application of Funds	16,410.48	15,433.84	14,185.99

Key Financials Ratios: Q2 FY15



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Ratios, %	Q2 FY15	Q1 FY15	Change QoQ	Q2 FY14	Change YoY
Gross Margin	40.2%	40.1%	0.1%	43.9%	-3.7%
S&M to Revenue	9.0%	8.9%	0.1%	8.8%	0.2%
G&A to Revenue	10.6%	9.4%	1.2%	9.1%	1.5%
Total S G&A to Revenue	19.6%	18.3%	1.3%	17.9%	1.7%
EBIDTA Margin	20.6%	21.8%	-1.2%	26.0%	-5.4%
EBIT Margin	15.5%	16.6%	-1.1%	19.9%	-4.4%
Profit before Tax	21.4%	21.9%	-0.5%	19.3%	2.1%
Profit after Tax	15.4%	15.8%	-0.4%	14.0%	1.4%
EPS - Basic, Before Prior Period, INR	18.11	17.53		15.65	
EPS - Diluted, Before Prior Period, INR	17.83	17.20		15.20	

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Fact Sheet

Fact Sheet



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Revenue	Nos./%	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Revenue (USD M)	76.32	72.66	72.64	69.94	68.45	274.06	237.82
	%, q-o-q/ y-o-y growth	5.0%	0.0%	3.9%	2.2%	8.6%	15.2%	14.7%
	Revenue (INR M)	4,641.74	4,349.87	4,467.37	4,327.57	4,323.71	16,691.53	12,945.12
	%, q-o-q / y-o-y	6.7%	-2.6%	3.2%	0.1%	21.0%	28.9%	29.4%

Business Offerings: Revenue Mix	%	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Services	80.4%	80.0%	80.4%	82.2%	80.9%	82.0%	82.8%
	IP Led	19.6%	20.0%	19.6%	17.8%	19.1%	18.0%	17.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segments : Revenue Mix	%	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Telecom	16.7%	18.5%	15.3%	18.0%	17.6%	17.8%	25.3%
	Infrastructure and Systems	56.0%	54.6%	71.6%	68.9%	69.2%	69.7%	64.2%
	Life Sciences	13.4%	13.1%	13.1%	13.1%	13.2%	12.5%	10.5%
	Financial Services*	13.9%	13.8%					
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* Financial Services segment disclosure started from Q1 FY 15.

Fact Sheet (Contd...)



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Geography: Revenue Mix	%	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	North Americas	86.1%	85.9%	85.4%	83.1%	84.6%	85.1%	84.8%
	Europe	6.3%	6.5%	6.1%	6.0%	4.4%	5.4%	6.5%
	ROW	7.6%	7.6%	8.5%	10.9%	11.0%	9.5%	8.7%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Onsite: Offshore: IP Led Revenue Mix	%	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Onsite	24.5%	23.1%	21.4%	20.5%	20.6%	20.9%	18.2%
	Offshore	55.9%	56.9%	59.0%	61.7%	60.3%	61.1%	64.6%
	IP Led	19.6%	20.0%	19.6%	17.8%	19.1%	18.0%	17.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Repeat Business	%	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
		83.6%	86.7%	85.2%	82.7%	82.2%	83.3%	82.7%

Fact Sheet (Contd...)



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Clients billed ¹	Nos.	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Services	281	260	261	253	243	365	406
	IP Led	376	347	358	380	388	550	510

¹ includes one time clients with overlap across business offerings

Revenue Concentration	%	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Top 1	19.0%	20.8%	21.1%	19.8%	22.5%	21.2%	20.4%
	Top 5	36.1%	38.7%	39.4%	36.9%	37.7%	37.1%	34.7%
	Top 10	45.0%	49.0%	48.5%	46.9%	47.2%	47.0%	46.0%

Client Engagement Size	Nos.	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Large > \$ 3Mn	14	14	15	16	16	15	15
	Medium > \$ 1Mn, < \$ 3Mn	41	38	36	34	32	36	29

Fact Sheet (Contd...)



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Yield ²	USD / PPM	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
			4,123	3,915	3,927	3,934	3,919	3,847

² Yield is computed as a ratio of revenue to billable person months excluding employees under training.

Billing Rates ³	USD / PPM	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Onsite - Linear		14,864	14,905	14,355	14,510	14,277	14,416
Offshore - Linear		4,271	4,219	4,241	4,179	4,146	4,178	4,057

³ Billing rates exclude IP Led Revenue and are calculated on total revenue including contractual reimbursable portion.

Attrition Rate	%	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	(TTM basis)		14.1%	14.0%	13.4%	13.2%	14.0%	13.4%

Fact Sheet (Contd...)



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People Numbers	Nos.	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Technical	7,447	7,271	7,349	7,109	6,982	7,349	6,540
	Sales & Business Development	212	202	150	139	128	150	99
	Others	408	403	358	354	347	358	331
	Total	8,067	7,876	7,857	7,602	7,457	7,857	6,970

DSO	Nos.	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Days	65	69	63	63	62	63	65

IP Led	Nos.	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	IP Led Person Months	2,496	2,419	2,343	2,260	2,210	9,148	8,974

Fact Sheet (Contd...)



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		Nos.	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
Efforts Mix - Linear	Billable Person Months	16,015	16,139	16,155	15,517	15,258	62,091	55,541	
	- Onsite	1,403	1,283	1,246	1,152	1,106	4,585	3,718	
	- Offshore	14,612	14,856	14,909	14,365	14,152	57,506	51,823	
	Billed Person Months	11,254	10,925	11,183	11,310	10,933	44,033	41,176	
	- Onsite	1,259	1,128	1,083	989	989	3,980	3,294	
	- Offshore	9,995	9,797	10,100	10,321	9,944	40,053	37,882	
	Linear Utilization (Blended)	70.3%	67.7%	69.2%	72.9%	71.7%	70.9%	74.1%	
	Onsite Utilization %	89.7%	88.0%	86.9%	85.9%	89.4%	86.8%	88.6%	
	Offshore Utilization%	68.4%	65.9%	67.7%	71.8%	70.3%	69.7%	73.1%	

Persistent owned facilities



PERSISTENT

Bhageerath



Senapati Bapat Road, Pune

Aryabhata–Pingala



Karve Road, Pune

Gargi-Maitreyi



MIDC, Parsodi, Nagpur

Goa



Verna, Goa

Rigveda-Yajurveda-Samaveda-Atharvaveda



Hinjawadi, Pune

France



Grenoble, France

www.persistent.com



PERSISTENT

Thank you

Persistent Systems Limited
CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2014

	Note	As at September 30, 2014 in ₹ Million	As at September 30, 2013 in ₹ Million	As at March 31, 2014 in ₹ Million
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	4	400.00	400.00	400.00
Reserves and surplus	5	12,730.96	10,499.22	11,618.68
		13,130.96	10,899.22	12,018.68
Non-current liabilities				
Long term borrowings	6	41.91	23.35	31.87
Other long term liabilities	7	1.12	0.58	0.89
Long-term provisions	8	105.46	84.55	93.23
		148.49	108.48	125.99
Current liabilities				
Trade payables	9	539.35	287.13	271.89
Other current liabilities	9	409.56	712.90	335.84
Short-term provisions	10	525.28	538.48	731.06
		1,474.19	1,538.51	1,338.78
TOTAL		14,763.64	12,546.21	13,483.45
ASSETS				
Non-current assets				
Fixed assets				
Tangible assets	11.1	2,746.24	2,638.68	2,555.19
Intangible assets	11.2	173.85	194.84	162.85
Capital work-in-progress		195.43	297.57	304.67
		3,116.52	3,131.09	3,022.71
Non-current investments	12	2,573.41	760.25	1,441.20
Deferred tax assets (net)	13	133.30	154.37	136.46
Long term loans and advances	14	540.42	521.09	459.43
Other non-current assets	15	37.63	449.13	465.57
		6,400.28	5,005.93	6,525.37
Current assets				
Current investments	16	4,039.33	3,766.69	4,071.36
Trade receivables	17	2,685.24	2,407.30	2,265.93
Cash and bank balances	18	746.91	570.38	589.37
Short term loans and advances	19	340.38	425.88	362.34
Other current assets	20	541.50	370.03	669.08
		8,353.36	7,540.28	7,968.08
TOTAL		14,763.64	12,546.21	13,483.45
Summary of significant accounting policies	3			

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

As per our report of even date

For Deloitte Haskins & Sells LLP
 ICAI Firm registration no. 117366WW-100018
 Chartered Accountants

per Hemant M. Joshi
 Partner
 Membership no. 038019

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

per C. K. Joshi
 Partner
 Membership no. 030428

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

Dr. Anand Deshpande
 Chairman and
 Managing Director

Kiran Umroolkar
 Director

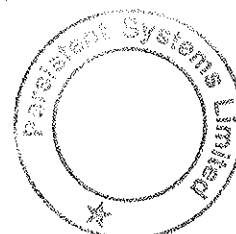
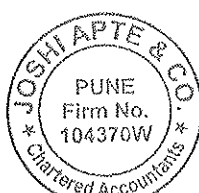
Rohit Kamat
 Chief Financial Officer

Amit Alre
 Company Secretary

Place: Pune
 Date : October 18, 2014

Place: Pune
 Date : October 18, 2014

Place: Pune
 Date : October 18, 2014



Persistent Systems Limited

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2014

	Note	For the quarter ended		For the half year ended		For the year ended
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
		In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Income						
Revenue from operations (net)	21	3,010.62	3,079.28	5,917.73	5,721.84	11,841.16
Other income	22	275.21	93.30	520.39	254.39	345.58
Total revenue (A)		3,285.83	3,172.58	6,438.12	5,976.23	12,186.74
Expenses						
Employee benefit expenses	23.1	1,549.03	1,399.68	3,003.57	2,643.71	5,581.70
Cost of technical professionals	23.2	456.37	321.96	716.66	575.32	1,094.57
Other expenses	24	426.92	498.62	777.83	727.17	1,506.03
Finance cost		0.23	0.13	0.43	0.22	0.53
Depreciation and amortization expense	11.3	119.94	151.28	235.55	300.53	584.08
Total expenses (B)		2,552.49	2,371.67	4,734.04	4,246.95	8,766.91
Profit before tax (A - B)		733.34	800.91	1,704.08	1,729.28	3,419.83
Tax expense						
Current tax		180.92	225.05	430.44	480.58	970.60
Tax credit in respect of earlier years		-	(11.79)	-	(11.79)	(11.79)
Deferred tax charge / (credit)		(5.43)	(26.08)	3.17	(42.59)	(24.68)
Total tax expense		175.49	193.18	433.61	426.20	934.13
Net profit for the period / year		557.85	607.73	1,270.47	1,303.08	2,485.70
Earnings per equity share 25						
[Nominal value of share ₹ 10 (Corresponding period/previous year: ₹ 10)]						
Basic (In ₹)		14.17	15.65	32.31	33.60	63.89
Diluted (In ₹)		13.95	15.19	31.76	32.58	62.14
Summary of significant accounting policies 3						

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

As per our report of even date

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366WW-100018
Chartered Accountants

per Hemant K. Joshi
Partner
Membership no. 038019

Place: Pune
Date : October 18, 2014

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

per C. K. Joshi
Partner
Membership no. 030428

Place: Pune
Date : October 18, 2014

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

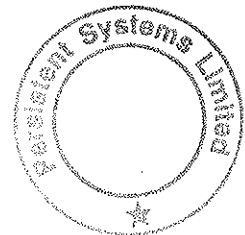
Dr. Anand Deshpande
Chairman and
Managing Director

Place: Pune
Date : October 18, 2014

Rohit Kamal
Chief Financial Officer

Kiran Umroolkar
Director

Amit Jha
Company Secretary

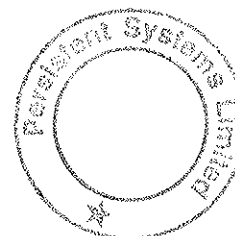
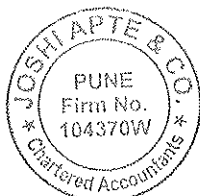


Persistent Systems Limited

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2014

	For the half year ended		For the year ended
	September 30, 2014	September 30, 2013	March 31, 2014
	In ₹ Million	In ₹ Million	In ₹ Million
Cash flow from operating activities			
Profit before tax	1,704.08	1,729.28	3,419.83
Adjustments for:			
Interest income	(63.96)	(54.10)	(111.04)
Finance cost	0.43	0.22	0.53
Dividend income	(106.95)	(55.88)	(166.92)
Depreciation and amortization expense	235.55	300.53	584.08
Unrealised exchange (gain)/ loss (net)	(64.22)	(52.45)	31.62
Exchange loss / (gain) on derivative contracts	(42.51)	147.88	19.59
Exchange (gain)/ loss on translation of foreign currency cash and cash equivalents	(1.45)	(3.83)	18.93
Bad debts	40.29	28.48	30.90
Provision for doubtful receivables (net)	-	30.71	-
Provision for doubtful receivables written back (net)	(62.59)	-	(25.70)
Provision for doubtful deposits	2.18	2.82	-
Provision for doubtful deposit written back	-	-	(1.11)
Provision for doubtful advances (net)	-	0.42	0.45
Inter corporate deposits written off	-	-	3.90
Provision for diminution in value of non current investments	-	0.05	0.05
Provision for diminution in value of current investments	-	12.84	-
Profit on sale of investments (net)	(36.02)	(54.47)	(54.50)
(Profit)/ loss on sale of fixed assets (net)	(1.31)	(1.24)	3.32
Operating profit before working capital changes	1,603.52	2,031.26	3,751.93
Movements in working capital :			
(Increase) in trade receivables	(336.47)	(443.42)	(307.80)
Decrease/ (Increase) in other current assets	120.61	(136.06)	(206.10)
(Increase) in loans and advances	(75.84)	(80.62)	(26.30)
Increase in trade payables and current liabilities	336.25	88.89	154.09
(Decrease) in provisions	(6.35)	(123.29)	(12.07)
Operating profit after working capital changes	1,641.72	1,336.76	3,353.75
Direct taxes paid (net of refunds)	(488.10)	(269.31)	(920.22)
Net cash generated from operating activities	(A) 1,153.62	1,067.45	2,433.53
Cash flows from investing activities			
Payment towards capital expenditure	(338.03)	(217.77)	(386.04)
Proceeds from sale of fixed assets	1.34	1.62	2.67
Investment in wholly owned subsidiaries	(332.44)	-	(74.88)
Purchase of non current investments	(3.00)	-	(616.07)
Investments in mutual funds	(6,567.01)	(6,007.23)	(12,491.96)
Proceeds from sale / maturity of mutual funds	5,810.97	5,435.39	11,591.27
Investments in bank deposits having original maturity over three months	(13.11)	(1.18)	(23.49)
Maturity of bank deposits having original maturity over three months	100.00	1.23	31.26
Inter corporate deposits placed	-	-	-
Inter corporate deposits refunded	87.41	0.10	37.59
Interest received	21.12	3.33	42.18
Dividend received	106.95	15.88	168.82
Net cash (used in) investing activities	(B) (1,125.80)	(767.63)	(1,718.55)
Cash flows from financing activities			
Proceeds from long term borrowings	13.02	9.15	17.67
Dividend paid	(160.07)	(119.92)	(439.76)
Tax on dividend paid	(27.19)	(20.39)	(74.78)
Net cash (used in) financing activities	(C) (174.24)	(131.16)	(496.87)

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Persistent Systems Limited

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2014

	For the half year ended		For the year ended
	September 30, 2014	September 30, 2013	March 31, 2014
	In ₹ Million	In ₹ Million	In ₹ Million
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(146.42)	168.66	218.11
Cash and cash equivalents at the beginning of the year	467.06	267.88	267.88
Effect of exchange differences on translation of foreign currency cash and cash equivalents	1.45	3.83	(18.93)
Cash and cash equivalents at the end of the period/ year	322.09	440.37	467.06
Components of cash and cash equivalents			
Cash on hand	0.22	0.11	0.10
Balances with banks			
On current accounts #	58.68	27.13	107.55
On saving accounts	0.08	0.01	0.01
On Exchange Earner's Foreign Currency accounts	262.34	412.44	358.56
On unpaid dividend accounts*	0.77	0.68	0.84
Cash and cash equivalents as per note 18	322.09	440.37	467.06

Out of the balance the Company can utilise ₹ 18.65 million (Corresponding period ₹ 10.43 million/ Previous year ₹ 16.28 million) only towards research and development activities specified in the loan agreement.

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

Summary of significant accounting policies - Refer note 3

As per our report of even date

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366WW-100018
Chartered Accountants

per Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date : October 18, 2014

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

per C. K. Joshi
Partner
Membership no. 030428

Place: Pune
Date : October 18, 2014

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

Dr. Anand Deshpande
Chairman and
Managing Director

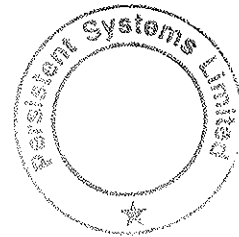
Rohit Kamal
Chief Financial Officer

Place: Pune
Date : October 18, 2014

Kiran Umrookar
Director

Amit Hire
Company Secretary

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1. Nature of operations

Persistent Systems Limited (the "Company") 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.

2. Basis of preparation

The condensed interim financial statements for the quarter and half year ended September 30, 2014 have been prepared in accordance with Accounting Standard 25 - 'Interim Financial Reporting' notified by Companies (Accounting Standards) Rules, (as amended) 2006.

The condensed financial statements of the Company are prepared in accordance with generally accepted accounting principles in India (Indian GAAP) to comply in all material respects with the Accounting Standard notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 2013 (to the extent notified). These condensed financial statements are prepared on an accrual basis and under the historical cost convention except derivative financial instruments which have been measured at fair value. The accounting policies are consistently applied by the Company during the period and are consistent with those used in previous period/ year.

3. Summary of significant accounting policies**(a) Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP 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 reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible fixed assets

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

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, 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 during which such expenses are incurred.

Gains or losses arising from disposal of fixed assets 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**(i) Acquired intangible assets**

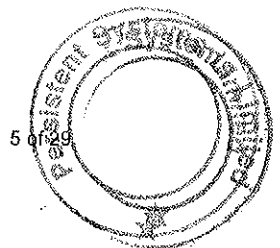
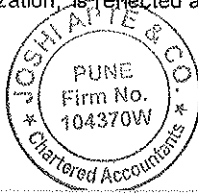
Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises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

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

(ii) Research and development cost

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

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



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

(d) Depreciation and amortization

Depreciation on tangible fixed assets 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 fixed assets 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
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 land is amortized on straight line basis over the period of the lease which is 95 years. 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.

(e) Impairment of tangible and intangible assets

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

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

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

(f) Borrowing costs

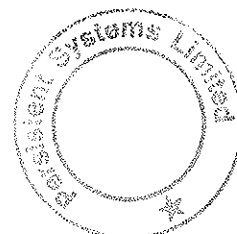
Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

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 they occur.

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

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

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.



(h) Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value, determined on category of investment basis. Long-term investments presented in the financial statements are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary decline, in the value of investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(i) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Income from software services

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

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

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

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

Revenue from licensing of software is recognized upon delivery.

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

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

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

(ii) Interest

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

(iii) Dividend

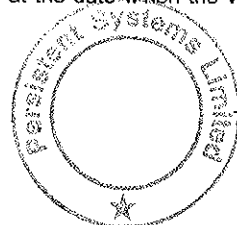
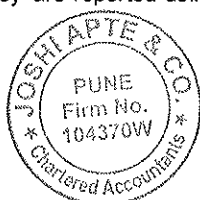
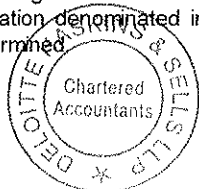
Dividend income is recognized when the Company's right to receive dividend is established by the reporting date. Dividend income is included under the head 'Other income' in the statement of profit and loss.

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

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

Conversion

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 fixed assets acquisition are recognized as income or expenses in the period in which they arise.

Forward exchange contracts not intended for trading or speculation purposes covered by AS-11 "The effects of changes in Foreign Exchange rates"

The premium or discount arising at the inception of forward exchange contracts is amortized and is recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the reporting period.

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

The Company has adopted principles of AS-30-"Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India (ICAI), to the extent that the adoption did not conflict with existing notified accounting standards and other authoritative pronouncements of the company law and other regulatory requirements.

As per the accounting principles laid down in AS-30 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 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 in hedge reserve 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.

(ii) Translation of integral and non-integral foreign operation

The Company classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financials statements of the integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency 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. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

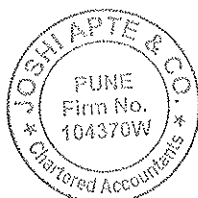
When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

(k) Retirement and other employee benefits**(i) Provident fund**

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

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Company 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. Actuarial gains and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.



(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 Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

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

(v) Long service awards

Long service awards are other long term benefits to all eligible employees, as per Company'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. Actuarial gains and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.

(I) 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 Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current reporting period and reversal of timing differences of earlier reporting periods. 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 timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

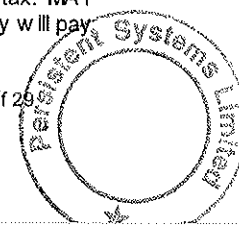
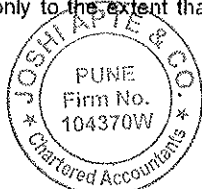
In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the period/ year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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.

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 Company will pay



normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the period/year in which the Company 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 Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(m) Segment reporting

In accordance with para 4 of Notified Accounting Standard 17 (AS-17) "Segment Reporting" the Company has disclosed segment information only on the basis of consolidated financial statements which are presented together with the unconsolidated financial statements.

(n) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period / year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year. The weighted average number of equity shares outstanding during the period/ year 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 Company.

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.

(o) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

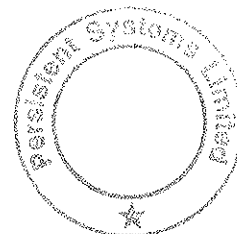
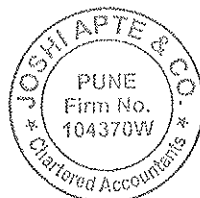
(p) Contingent liabilities

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

(q) Cash and cash equivalents

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

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(r) Employee stock compensation expenses

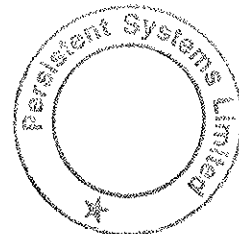
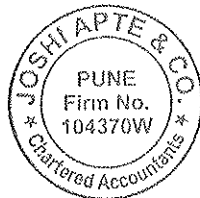
Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized 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 and is recognized in employee benefits expense. The employee stock option schemes have a graded vesting schedule. Each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

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

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Persistent Systems Limited**Notes forming part of condensed financial statements****4. Share capital**

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Authorized shares (No. in million)			
112 (Corresponding period/ Previous year 112) equity shares of ₹ 10 each	1,120.00	1,120.00	1,120.00
	1,120.00	1,120.00	1,120.00
Issued, subscribed and fully paid-up shares (No. in million)			
40 (Corresponding period/ Previous year 40) equity shares of ₹ 10 each	400.00	400.00	400.00
Issued, subscribed and fully paid-up share capital	400.00	400.00	400.00

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

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

b) Terms / rights attached to equity shares

The Company 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 Company 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 quarter ended September 30, 2014, the amount of per share interim dividend recognized as distributions to equity shareholders is ₹ Nil (Corresponding period: ₹ Nil/ Previous year ₹ 8).

During the year ended March 31, 2014, the amount of per share final dividend recognized as distributions to equity shareholders was ₹ 4.

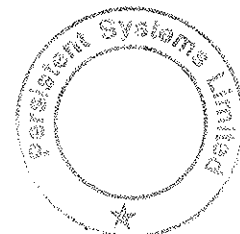
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder*	As at September 30, 2014		As at September 30, 2013		As at March 31, 2014	
	No. in million	% Holding	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	11.46	28.65	11.46	28.65	11.46	28.65
Mr. Suresh Deshpande jointly with Mrs. Sulabha Suresh Deshpande	4.09	10.24	4.09	10.24	4.09	10.24
PSPL ESOP Management Trust	2.58	6.45	3.12	7.79	2.83	7.09
Saif Advisors Mauritius Limited	2.13	5.33	2.13	5.33	2.13	5.33

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

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Persistent Systems Limited

Notes forming part of condensed financial statements

5. Reserves and surplus

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
A. Securities premium account			
Balance as per the last financial statements	1,736.70	1,736.70	1,736.70
	<u>1,736.70</u>	<u>1,736.70</u>	<u>1,736.70</u>
B. Employees share options outstanding account			
Balance as per the last financial statements	26.96	30.48	30.48
Add : Additions during the reporting period	-	-	-
Less: Transferred to general reserve	(1.12)	(1.40)	(3.62)
	<u>25.84</u>	<u>29.08</u>	<u>26.86</u>
C. General reserve			
Balance as per the last financial statements	4,512.59	3,607.62	3,607.62
Add: Transferred from the statement of profit and loss	-	-	994.30
Add: Adjustments towards employees stock options	1.12	4.55	3.52
Less: Adjustments towards PSPL ESOP Management Trust (Refer note 26 b)	-	-	(92.85)
	<u>4,513.71</u>	<u>3,612.17</u>	<u>4,512.59</u>
D. Hedge reserve			
Balance as per the last financial statements	214.73	87.76	87.76
Addition / (deduction) during the reporting period	(158.19)	(467.45)	126.97
	<u>66.54</u>	<u>(379.69)</u>	<u>214.73</u>
E. Surplus in the statement of profit and loss			
Balance as per the last financial statements	5,127.70	4,197.88	4,197.88
Net profit for the reporting period/ year	1,270.47	1,303.08	2,485.70
Less: Appropriations:			
Interim dividend	-	-	(320.00)
Proposed final dividend	-	-	(160.00)
Tax on dividend	-	-	(81.58)
Transferred to general reserve	-	-	(94.30)
	<u>6,398.17</u>	<u>5,500.96</u>	<u>5,127.70</u>
	<u>12,730.96</u>	<u>10,499.22</u>	<u>11,618.68</u>

6. Long term borrowings

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Term loans (unsecured)			
Indian rupee loan from others*	44.89	23.35	31.87
	<u>44.89</u>	<u>23.35</u>	<u>31.87</u>
Less: Current maturity of long term borrowings transferred to other current liabilities (Refer note 8).	(2.98)	-	-
	<u>41.91</u>	<u>23.35</u>	<u>31.87</u>

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

* Loan I - amounting to ₹ 15.06 million (Corresponding period ₹ 6.54 million/ Previous year ₹ 15.06 million) with interest payable @ 2% per annum guaranteed by a bank guarantee by the Company and repayable in ten equal semi annual installments over a period of five years commencing from March 2016.

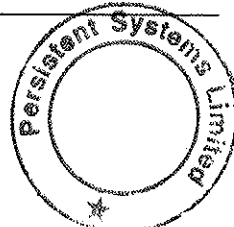
* Loan II - amounting to ₹ 29.83 million (Corresponding period ₹ 16.81 million/ Previous year ₹ 16.81 million) with interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from September 2015.

7. Other long term liabilities

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Interest accrued but not due on term loans	1.33	0.58	0.89
Less: Current maturity of interest accrued but not due on term loan transferred to other current liabilities (Refer note 9).	(0.21)	-	-
	<u>1.12</u>	<u>0.58</u>	<u>0.89</u>

8. Long-term provisions

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Provision for employee benefits			
- Long service awards	105.46	84.55	93.23
	<u>105.46</u>	<u>84.55</u>	<u>93.23</u>



Persistent Systems Limited**Notes forming part of condensed financial statements****9. Trade payables and Other current liabilities**

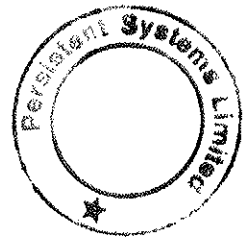
	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Trade payables	539.35	287.13	271.89
	539.35	287.13	271.89
Other current liabilities			
Unearned revenue	77.04	24.32	53.57
Unpaid dividend *	0.77	0.68	0.84
Current maturity of long term borrowings (Refer note 6)	2.98	-	-
Current maturity of interest on long term borrowings (Refer note 7)	0.21	-	-
Advance from customers	108.99	40.96	74.26
Forward contracts payable	-	492.75	-
Capital creditors	50.65	16.87	52.41
Other payables			
- Statutory liabilities	87.43	69.03	78.23
- Accrued employee liabilities	74.48	64.60	73.45
- Other liabilities	7.01	3.69	3.08
	409.56	712.90	335.84

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

10. Short-term provisions

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Provision for employee benefits			
- Gratuity	90.49	17.91	46.21
- Leave encashment	188.93	171.10	169.14
- Long service awards	12.73	4.78	11.02
- Other employee benefits	233.13	247.53	317.49
Others			
- Income tax (Net of advance tax)	-	97.16	-
- Proposed dividend	-	-	160.00
- Tax on proposed dividend	-	-	27.19
	525.28	538.48	731.05

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Persistent Systems Limited

Notes forming part of condensed financial statements

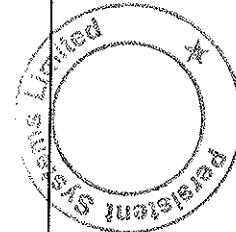
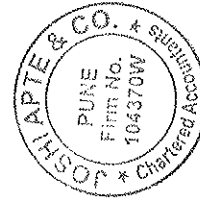
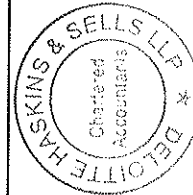
11.1 Tangible assets

	Freehold land	Leasehold land	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)										
As at April 1, 2014	206.92	40.11	2,086.65	1,174.43	42.46	1,156.30	19.07	430.22	4.54	5,170.70
Additions	-	-	137.05	163.34	2.86	44.52	-	27.84	1.07	376.68
Disposals	-	-	-	20.82	-	0.16	-	-	0.88	21.86
As at September 30, 2014	206.92	40.11	2,233.70	1,316.95	45.32	1,200.66	19.07	458.06	4.73	5,525.52
Depreciation and amortization										
As at April 1, 2014	-	3.13	492.70	983.39	29.35	734.72	10.16	357.52	4.54	2,615.51
Charge for the period	-	0.21	43.36	71.13	2.62	52.38	1.11	14.77	0.02	185.60
Disposals	-	-	-	20.79	-	0.16	-	-	0.88	21.83
As at September 30, 2014	-	3.34	536.06	1,033.73	31.97	786.94	11.27	372.29	3.68	2,779.28
Net block										
As at September 30, 2014	206.92	36.77	1,697.64	283.22	13.35	413.72	7.80	85.77	1.05	2,746.24
As at March 31, 2014	206.92	36.98	1,603.95	191.04	13.11	421.58	8.91	72.70	-	2,555.19

	Freehold land	Leasehold land	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)										
As at April 1, 2013	206.92	39.93	2,022.65	1,073.35	39.07	1,093.20	20.81	422.63	4.54	4,923.10
Additions	-	0.18	46.25	106.99	1.09	28.96	-	6.17	-	189.64
Disposals	-	-	-	1.19	0.86	2.04	-	0.25	-	4.34
As at September 30, 2013	206.92	40.11	2,068.90	1,179.15	39.30	1,120.12	20.81	428.55	4.54	5,108.40
Depreciation and amortization										
As at April 1, 2013	-	2.71	410.04	873.58	25.79	633.29	8.10	326.76	4.48	2,284.75
Charge for the period	-	0.21	41.05	75.11	2.20	52.39	1.25	16.65	0.06	188.93
Disposals	-	-	-	1.04	0.80	1.86	-	0.25	-	3.96
As at September 30, 2013	-	2.92	451.10	947.65	27.19	683.82	9.35	343.15	4.54	2,469.72
Net block										
As at September 30, 2013	206.92	37.19	1,617.80	231.50	12.11	436.30	11.46	85.40	-	2,638.68

Details of assets constructed on leasehold land are as follows:

- a) Gross block as on September 30, 2014 ₹ 1,301.77 million (Corresponding period ₹ 1,136.98 million; Previous year ₹ 1,164.72 million).
- b) Depreciation charge for the period ₹ 24.67 million (Corresponding period ₹ 22.37 million/ Previous year ₹ 45.38 million)
- c) Accumulated depreciation as on September 30, 2014 ₹ 179.32 million (Corresponding period ₹ 131.61 million/ Previous year ₹ 154.65 million)
- d) Net book value as on September 30, 2014 ₹ 1,122.45 million (Corresponding period ₹ 1,005.37 million/ Previous year ₹ 1,010.07 million)



Persistent Systems Limited

Notes forming part of condensed financial statements

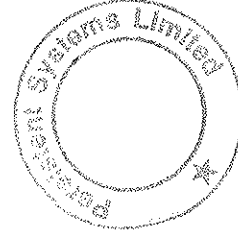
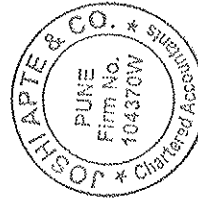
11.1 Tangible assets

	Freehold land	Leasehold land	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)										
As at April 1, 2013	206.92	39.93	2,022.65	1,073.35	38.07	1,093.20	20.81	422.53	4.54	4,923.10
Additions	-	0.18	74.00	159.08	5.01	70.84	-	12.53	-	321.64
Disposals	-	-	-	58.00	1.62	7.74	1.74	4.94	-	74.04
As at March 31, 2014	206.92	40.11	2,096.65	1,174.43	42.46	1,156.30	19.07	430.22	4.54	5,170.70
Depreciation and amortization										
As at April 1, 2013	-	2.71	410.04	873.58	25.79	633.29	8.10	326.76	4.48	2,284.75
Charge for the year	-	0.42	82.66	147.38	4.58	104.74	2.42	32.26	0.06	374.52
Disposals	-	-	-	37.57	1.02	3.31	0.36	1.50	-	43.76
As at March 31, 2014	-	3.13	492.70	983.39	29.35	734.72	10.16	357.52	4.54	2,615.51
Charge for the year	-	-	-	-	-	-	-	-	-	-
At March 31, 2012	-	-	-	-	-	-	-	-	-	-
Net block										
As at March 31, 2014	206.92	36.98	1,603.95	191.04	13.11	421.58	8.91	72.70	-	2,555.19

Details of assets constructed on leasehold land are as follows:

- Gross block as on March 31, 2014 ₹ 1,164.72 million
- Depreciation charge for the year ₹ 45.38 million
- Accumulated depreciation as on March 31, 2014 ₹ 154.65 million
- Net book value as on March 31, 2014 ₹ 1,010.07 million

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Persistent Systems Limited

Notes forming part of condensed financial statements

11.2 Intangible assets

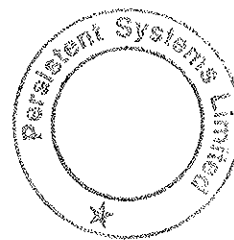
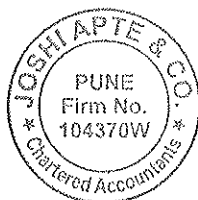
	(In ₹ Million)		
	Software	Acquired contractual rights	Total
Gross block (At cost)			
As at April 1, 2014	1,034.18	232.54	1,266.72
Additions	60.95	-	60.95
Disposals	-	-	-
As at September 30, 2014	1,095.13	232.54	1,327.67
Amortization			
As at April 1, 2014	871.33	232.54	1,103.87
Charge for the period	49.95	-	49.95
Disposals	-	-	-
As at September 30, 2014	921.28	232.54	1,153.82
Net block			
As at September 30, 2014	173.85	-	173.85
As at March 31, 2014	162.85	-	162.85

	(In ₹ Million)		
	Software	Acquired contractual rights	Total
Gross block (At cost)			
As at April 1, 2013	903.01	232.54	1,135.55
Additions	65.97	-	65.97
Disposals	-	-	-
As at September 30, 2013	968.98	232.54	1,201.52
Amortization			
As at April 1, 2013	742.52	152.55	895.07
Charge for the period	69.27	42.34	111.61
Disposals	-	-	-
As at September 30, 2013	811.79	194.89	1,006.68
Net block			
As at September 30, 2013	157.19	37.65	194.84

11.3 Depreciation and amortization

	For the quarter ended		For half year ended		(In ₹ Million)
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	For the year March 31, 2014
On tangible assets	94.84	96.26	185.60	188.93	374.52
On intangible assets	25.10	55.02	49.95	111.61	209.58
Less: attributable to fixed assets used for construction of building	-	-	-	(0.01)	(0.02)
	119.94	151.28	235.55	300.53	584.08

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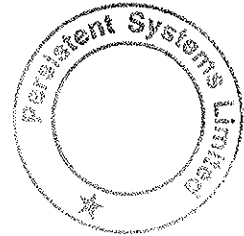
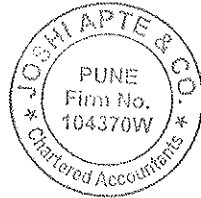


Persistent Systems Limited

Notes forming part of condensed financial statements

11.2 Intangible assets

	Software	Acquired contractual rights	(in ₹ Million) Total
Gross block (At cost)			
As at April 1, 2013	903.01	232.54	1,135.55
Additions	132.39	-	132.39
Disposals	1.22	-	1.22
As at March 31, 2014	1,034.18	232.54	1,266.72
Amortization			
As at April 1, 2013	744.78	150.29	895.07
Charge for the year	127.33	82.25	209.58
Disposals	0.78	-	0.78
As at March 31, 2014	871.33	232.54	1,103.87
Net block			
As at March 31, 2014	162.85	-	162.85

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Persistent Systems Limited

Notes forming part of condensed financial statements

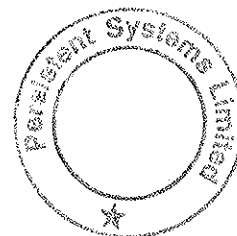
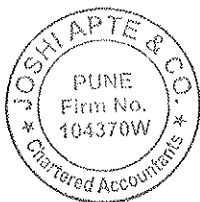
12. Non-current investments

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Trade investments (At cost unless otherwise mentioned)			
Investments in equity instruments (Unquoted)			
In wholly owned subsidiary companies (Unquoted)			
Persistent Systems, Inc.			
147 million (Corresponding period/ Previous year : 97 million) shares of USD 0.10 each, fully paid up	778.71	473.59	473.59
	<u>778.71</u>	<u>473.69</u>	<u>473.69</u>
Persistent Systems Pte Ltd			
0.5 million (Corresponding period/ Previous year: 0.5 million) shares of SGD 1 each, fully paid up	15.50	15.50	15.50
Less : Provision for diminution in value of investment	8.00	9.00	8.00
	<u>6.50</u>	<u>6.50</u>	<u>6.50</u>
Persistent Systems France SAS			
1.50 million (Corresponding period/ Previous year: 1.50 million) shares of EUR 1 each, fully paid up	97.47	97.47	97.47
	<u>97.47</u>	<u>97.47</u>	<u>97.47</u>
Persistent Systems Malaysia Sdn. Bhd.			
4 million (Corresponding period: 10 shares/ Previous year: 4 million) shares of MYR 1 each, fully paid up	74.88	-	74.88
	<u>74.88</u>	<u>-</u>	<u>74.88</u>
In Associates (Unquoted)			
Kisima eService Private Limited [Holding 50%. (Corresponding period/ Previous year 50%)]			
0.005 million (Corresponding period/ Previous year: 0.005 million) shares of ₹10 each, fully paid up	0.05	0.05	0.05
Less : Provision for diminution in value of investment	0.05	0.05	0.05
	<u>-</u>	<u>-</u>	<u>-</u>
Sprint Telecom India Private Limited [Holding 26%. (Corresponding period/ Previous year 26%)]			
1.30 million (Corresponding period: 0.65 million/ Previous year: 1.30 million) shares of ₹ 10 each, fully paid up	13.00	6.50	13.00
	<u>13.00</u>	<u>6.50</u>	<u>13.00</u>
In Others (Unquoted)*			
Allizon Systems Private Limited			
1,883 equity shares (Corresponding period/ Previous year Nil) of ₹ 10 each, fully paid up	3.00	-	-
	<u>3.00</u>	<u>-</u>	<u>-</u>
Non-trade investments (At cost unless otherwise mentioned)			
Government securities (Quoted)			
In government securities			
[Market value ₹ 782.04 million (Corresponding period ₹ 164.44 million/ Previous year ₹ 779.85 million)]	775.76	166.19	775.76
	<u>775.76</u>	<u>166.19</u>	<u>775.76</u>
Investments in mutual funds (Quoted) #			
Aggregate amount of quoted investments [Market value ₹ 895.85 million, (Corresponding / Previous year ₹ Nil)]	824.09	-	-
	<u>824.09</u>	<u>-</u>	<u>-</u>
	<u>2,573.41</u>	<u>750.25</u>	<u>1,441.20</u>
Aggregate provision for diminution in value of investments	9.05	9.05	9.05
Aggregate amount of quoted investments [Market value ₹ 1,677.89 million, (Corresponding period ₹ 164.44 million/ Previous year ₹ 770.85 million)]	1,509.85	166.10	775.76
Aggregate amount of unquoted investments	982.61	503.11	674.40

* 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"

The investments in mutual funds that are intended to be held for more than one year from the date on which such investments are made have been reclassified from current investments to long-term investments. The transfer from current investments to long-term investments have been made at the lower of cost and the carrying amount at the date of transfer.

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Persistent Systems Limited

Notes forming part of condensed financial statements

12 a) Details of investment in long term mutual funds (Quoted)

	As at September 30, 2014		As at September 30, 2013		As at March 31, 2014	
	Units (in nos. million)	In ₹ Million	Units (in nos. million)	In ₹ Million	Units (in nos. million)	In ₹ Million
IDFC mutual fund	13.81	194.62	-	-	-	-
ICICI Prudential mutual fund	14.46	230.00	-	-	-	-
SBI mutual fund	30.03	399.47	-	-	-	-
		824.09				

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Persistent Systems Limited

Notes forming part of condensed financial statements

13. Deferred tax assets (net)

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Deferred tax liabilities			
Differences in depreciation and amortization and other differences in a block of tangible and intangible assets as per the tax books and financial books	84.56	66.76	70.52
Others	-	3.83	-
	<u>84.56</u>	<u>72.59</u>	<u>70.52</u>
Deferred tax assets			
Provision for leave encashment	64.23	58.16	57.49
Provision for long service awards	40.17	30.36	35.43
Provision for doubtful debts	60.20	136.44	110.23
Others	23.26	-	3.83
	<u>217.86</u>	<u>226.96</u>	<u>206.98</u>
Deferred tax assets (net)	<u>133.30</u>	<u>154.37</u>	<u>136.46</u>

14. Long term loans and advances

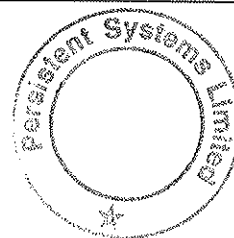
	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Capital advances (Unsecured, considered good)			
Security deposits	14.88	8.51	6.79
Unsecured, considered good	64.45	57.06	53.51
Unsecured, considered doubtful	2.19	-	-
	<u>66.64</u>	<u>57.06</u>	<u>53.51</u>
Less: Provision for doubtful deposits	2.19	-	-
	<u>64.45</u>	<u>57.06</u>	<u>53.51</u>
Advance income tax (Net of provision for income tax)	144.74	-	87.08
Loan to related parties (Unsecured, considered good)			
Persistent Systems, Inc.	308.60	313.12	298.70
Persistent Systems France SAS	-	36.35	-
Inter corporate deposits			
Unsecured, considered good	0.54	0.45	0.61
Unsecured, considered doubtful	0.58	0.58	0.58
	<u>1.12</u>	<u>1.03</u>	<u>1.19</u>
Less: Provision for doubtful deposits	0.58	0.58	0.58
	<u>0.54</u>	<u>0.45</u>	<u>0.61</u>
Other loans and advances (Unsecured, considered good)			
Advance to PSPL ESOP Management Trust	-	95.99	-
Advances recoverable in cash or kind or for value to be received	7.23	9.61	11.74
	<u>7.23</u>	<u>105.60</u>	<u>11.74</u>
	<u>640.42</u>	<u>521.09</u>	<u>459.43</u>

15. Other non-current assets

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Non-current bank balances (Refer note 18)			
Interest accrued on ICD to related parties	12.23	401.62	401.62
Persistent Systems, Inc.	12.42	7.56	6.47
Persistent Systems France SAS	-	1.49	-
Interest accrued but not due	12.88	38.46	57.48
	<u>37.63</u>	<u>449.13</u>	<u>465.57</u>

16. Current investments (At lower of cost and market value)

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Non trade			
Investments in mutual funds (Quoted)	4,039.33	3,779.53	4,071.36
Aggregate amount of quoted investments (Market value ₹ 4079.79 million, (Corresponding period ₹ 3,766.69 million/ Previous year ₹ 4,123.68 million))			
Less: Provision for diminution in the value of investments	-	12.84	-
	<u>4,039.33</u>	<u>3,766.69</u>	<u>4,071.36</u>



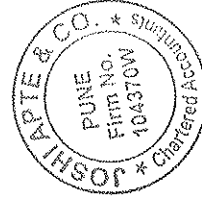
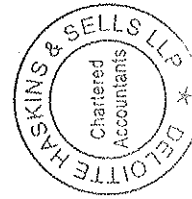
Persistent Systems Limited

Notes forming part of condensed financial statements

16 a) Details of current investment in mutual funds (Quoted)

	As at September 30, 2014		As at September 30, 2013		As at March 31, 2014	
	Units (in nos. million)	In ₹ Million	Units (in nos. million)	In ₹ Million	Units (in nos. million)	In ₹ Million
IDFC mutual fund	29.40	298.36	14.03	409.85	33.80	394.92
HDFC mutual fund	40.33	413.05	31.00	318.85	46.24	471.23
ICICI Prudential mutual fund	25.49	259.02	16.03	387.01	39.44	480.00
Franklin Templeton mutual fund	0.33	395.09	0.33	395.09	0.33	395.09
DWS mutual Fund	32.96	447.49	17.37	437.29	32.35	426.11
Birla Sun Life mutual fund	3.73	382.18	6.62	363.11	6.62	363.11
Tata mutual fund	0.45	479.56	0.06	67.52	-	-
Reliance mutual fund	21.97	281.06	15.79	170.14	21.48	275.74
SBI mutual fund	0.05	50.12	20.13	406.45	30.10	477.24
Kotak mutual fund	-	-	32.73	363.54	-	-
UTI mutual fund	40.46	501.07	-	-	46.10	499.19
L&T mutual fund	4.61	159.69	20.77	460.68	4.57	123.68
Axis mutual fund	10.49	372.64	-	-	0.16	165.05
		4,039.33		3,779.53		4,071.36

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Persistent Systems Limited

Notes forming part of condensed financial statements

17. Trade receivables

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good	4.29	-	-
Unsecured, considered doubtful	324.37	447.75	382.88
Less : Provision for doubtful receivables	328.66	447.75	382.88
	324.37	447.75	382.88
	4.29	-	-
Others			
Unsecured, considered good	2,680.95	2,407.30	2,265.93
Unsecured, considered doubtful	1.23	4.90	-
Less : Provision for doubtful receivables	2,682.18	2,412.20	2,265.93
	1.23	4.90	-
	2,680.95	2,407.30	2,265.93
	2,685.24	2,407.30	2,265.93

18. Cash and bank balances

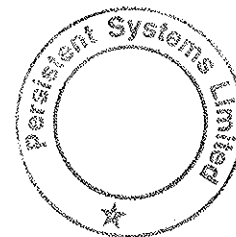
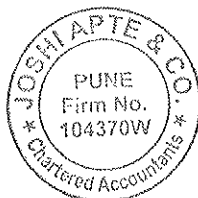
	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Cash and cash equivalents as presented in cash flow statement			
Cash on hand	0.22	0.11	0.10
Balances with banks			
On current accounts *	58.68	27.13	107.55
On saving accounts	0.08	0.01	0.01
On Exchange Eamer's Foreign Currency accounts	262.34	412.44	358.56
On unpaid dividend accounts**	0.77	0.68	0.84
	322.09	440.37	467.06
Other bank balances			
On deposit account with original maturity for more than three months but less than twelve months			1.00
On deposit account with original maturity for more than twelve months***	437.05	531.63	522.93
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under non-current assets (Refer note 15)	437.05	531.63	523.93
	(12.23)	(401.62)	(401.62)
	424.82	130.01	122.31
	746.91	570.38	589.37

* Out of the balance the Company can utilise ₹ 18.65 million (Corresponding period ₹ 10.43 million/ Previous year ₹ 16.28 million) only towards research and development activities specified in the loan agreement.

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

*** Out of the balance, fixed deposits of ₹ 33.33 million (Corresponding period ₹ 31.63 million/ Previous year ₹ 23.72 million) have been earmarked against bank guarantees given by the Company

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Persistent Systems Limited

Notes forming part of condensed financial statements

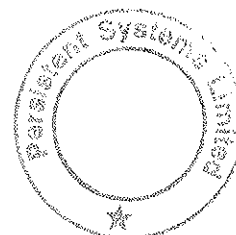
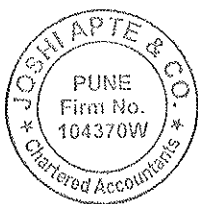
19. Short term loans and advances

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Inter corporate deposits			
Unsecured, considered good	-	7.36	-
Unsecured, considered doubtful	27.43	30.25	27.43
	27.43	37.61	27.43
Less: Provision for doubtful deposits	27.43	30.25	27.43
	-	7.36	-
Loan to related parties (Unsecured, considered good)			
Persistent Systems, Inc.	-	93.94	89.91
	-	93.94	89.91
Advance to related parties (Unsecured, considered good)			
Persistent Systems, Inc.	6.36	4.04	7.62
Persistent Systems Plc Ltd	0.18	-	0.18
Persistent Systems France SAS	0.24	0.08	-
Persistent Telecom Solutions Inc.	0.01	0.21	0.02
Persistent Systems Malaysia Sdn. Bhd.	0.25	-	10.28
CloudSquads, Inc.	0.01	-	-
	7.05	5.13	27.10
Other loans and advances (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	233.53	209.48	164.01
MAT credit entitlement	-	23.35	-
VAT receivable (net)	54.34	59.95	59.51
Service tax receivable (net)	42.94	23.69	18.01
Deposits	2.52	2.98	3.80
	333.33	319.45	245.33
Other loans and advances (Unsecured, considered doubtful)			
Advances recoverable in cash or kind or for value to be received	0.75	0.72	0.75
Less: Provision for doubtful advances	0.75	0.72	0.75
	-	-	-
	340.38	425.88	362.34

20. Other current assets

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Interest accrued but not due	110.74	27.69	27.41
Interest accrued on ICD to related parties			
Persistent Systems, Inc.	-	2.60	1.94
Share application money pending allotment	27.32	-	-
Forward contracts receivable	114.27	-	229.95
Unbilled revenue	289.17	339.74	409.78
	641.50	370.03	669.08

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Persistent Systems Limited

Notes forming part of condensed financial statements

21. Revenue from operations (net)

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Software services	2,994.69	3,074.32	5,897.38	5,716.34	11,834.44
Software licenses	15.93	4.96	20.35	5.50	6.72
	3,010.62	3,079.28	5,917.73	5,721.84	11,841.16

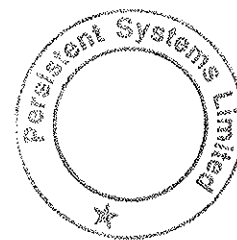
22. Other income

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Interest income					
On bank deposits	10.82	13.26	21.58	26.01	54.98
On others	20.48	19.67	42.38	28.09	56.06
Foreign exchange gain (net)	162.79	-	299.34	84.41	-
Profit on sale of fixed assets (net)	1.20	0.08	1.31	1.24	-
Dividend income from current investments	55.86	17.88	106.95	55.88	149.51
Dividend income from subsidiary					
- Persistent Systems Pte Ltd	-	-	-	-	19.41
Profit on sale of current investments (net)	20.87	32.01	36.02	54.47	54.50
Provision for doubtful deposits written back (net)	-	-	-	-	1.11
Excess provision in respect of earlier years written back	-	7.18	4.84	-	-
Miscellaneous Income	3.19	3.22	7.97	4.29	10.01
	278.21	93.30	520.39	264.39	345.58

23. Personnel expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
23.1 Employee benefit expenses					
Salaries, wages and bonus	1,384.20	1,305.53	2,688.59	2,400.59	5,074.38
Contribution to provident and other funds	50.68	46.26	96.53	90.81	185.00
Gratuity expenses	44.69	(20.03)	81.68	16.67	44.97
Defined contribution to other funds	8.89	8.42	17.51	16.52	33.53
Staff welfare and benefits	60.57	59.50	119.26	119.12	243.82
	1,549.03	1,399.68	3,003.57	2,643.71	5,581.70
23.2 Cost of technical professionals					
Technical professionals - related parties	437.11	294.24	675.79	520.79	995.51
Technical professionals - others	19.26	27.72	40.87	54.53	99.06
	456.37	321.96	716.66	575.32	1,094.57
	2,005.40	1,721.64	3,720.23	3,219.03	6,676.27

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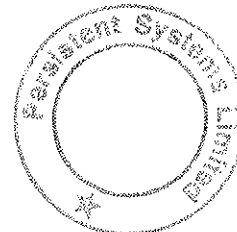
Persistent Systems Limited

Notes forming part of condensed financial statements

24. Other expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	87.32	76.76	169.57	137.96	296.24
Electricity expenses (net)	27.27	15.22	49.67	38.65	82.79
Internet link expenses	5.12	12.89	21.39	26.06	47.28
Communication expenses	10.38	4.82	21.71	10.32	24.45
Recruitment expenses	7.24	5.59	13.27	12.79	25.45
Training and seminars	6.04	6.51	9.66	9.84	18.45
Royalty expenses	3.46	0.67	7.22	0.67	11.37
Purchase of software licenses and support expenses	90.86	72.88	166.17	134.32	264.92
Bad debts	31.31	3.83	40.29	28.48	30.90
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	(24.39)	31.32	(62.59)	30.71	(25.70)
Rent	28.03	27.00	52.65	52.16	104.97
Insurance	5.33	5.36	10.82	11.04	21.03
Rates and taxes	9.56	4.79	15.35	10.74	20.02
Legal and professional fees	21.54	20.81	43.67	36.17	84.61
Repairs and maintenance					
- Plant and Machinery	16.31	18.08	33.93	36.11	64.97
- Buildings	10.62	5.55	15.28	10.07	20.55
- Others	4.19	4.03	7.60	7.52	14.61
Commission on sales	29.74	20.42	46.72	35.64	78.27
Advertisement and sponsorship fees	4.88	4.25	9.75	5.03	19.85
Computer consumables	2.26	2.05	5.75	4.16	9.01
Auditors' remuneration	1.25	1.25	2.54	2.50	5.02
Donations	13.40	18.86	25.61	18.93	23.40
Books, memberships, subscriptions	0.87	1.36	1.58	1.99	3.48
Loss on sale of fixed assets (net)	-	-	-	-	3.32
Foreign exchange loss (net)	-	97.03	-	-	152.82
Directors' sitting fees	0.37	0.21	0.55	0.46	0.64
Directors' commission	0.93	1.40	2.90	4.10	8.26
Provision for doubtful deposits	1.98	-	2.18	2.82	-
Provision for doubtful advances	-	0.21	-	0.42	0.45
Intercompany deposits written off	-	-	-	-	3.90
Provision for diminution in value of non current investments	-	-	-	0.05	0.05
Provision for diminution in value of current investments	-	12.84	-	12.84	-
Miscellaneous expenses	26.79	21.63	64.59	44.62	90.65
	426.92	498.62	777.83	727.17	1,506.03

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Persistent Systems Limited

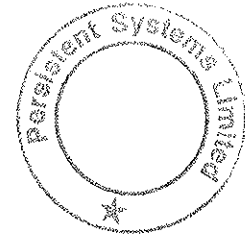
Notes forming part of condensed financial statements

25. Earnings per share

		For the quarter ended		For the half year ended		For the year ended
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
Numerator for Basic and Diluted EPS						
Net Profit after tax (in ₹ Million)	(A)	557.85	607.73	1,270.47	1,303.08	2,485.70
Denominator for Basic EPS						
Weighted average number of equity shares	(B)	39,381,284	38,828,503	39,318,080	38,781,613	38,906,380
Denominator for Diluted EPS						
Number of equity shares	(C)	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Basic Earnings per share of face value of ₹ 10 each (in ₹)	(A/B)	14.17	15.65	32.31	33.60	63.89
Diluted Earnings per share of face value of ₹ 10 each (in ₹)	(A/C)	13.95	15.19	31.76	32.58	62.14

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
Number of shares considered as basic weighted average shares outstanding	39,381,284	38,828,503	39,318,080	38,781,613	38,906,380
Add: Effect of dilutive issues of stock options	616,716	1,171,497	681,920	1,218,387	1,093,620
Number of shares considered as weighted average shares and potential shares outstanding	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000

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26.

- a) The ESOP schemes of Persistent Systems Limited ("the Company") are administered through the ESOP Trust. As per the provisions of the Trust Deed, the Trust is constituted as an irrevocable trust and in no event the funds of the Trust shall revert to the Company. The Company has obtained a legal opinion which states that the Company has no right to the assets of the Trust. In view of this position, the Company has not consolidated the financial statements of the ESOP Trust in the standalone financial statements of the Company.
- b) The Company had adjusted the difference between the cost incurred by the Trust for the purpose of purchase of shares and the exercise price of those shares which have been exercised by the employee during the earlier periods/years to General Reserve, in accordance with Guidance Note on accounting for Employee share based payment, issued by the Institute of Chartered Accountants of India. However in view of the legal opinion referred to in a) above, on March 31, 2014 the Company has reversed the amount of ₹ 92.85 million, initially transferred to General Reserve.
- c) The financial statements of the Trust have been presented below :

Balance Sheet		(In ₹ million)	
Corpus fund and liabilities	As at September 30, 2014	As at March 31, 2014	
Corpus Fund	0.60	0.60	
(A)	0.60	0.60	
Income and Expenditure Account			
Balance as per last financial Statement	270.48	195.38	
Add: Excess of Income over expenditure for the year	46.44	75.10	
(B)	316.92	270.48	
Current Liabilities and Provisions			
Due to ESOP Holders	1.70	0.11	
Provision for Taxation	6.73	6.73	
(C)	8.43	6.84	
(A)+(B)+(C)	325.95	277.92	

Assets		(In ₹ million)	
Assets	As at September 30, 2014	As at March 31, 2014	
Current Investments			
Investments in Shares of Persistent Systems Limited	59.73	65.51	
2,584,137 shares of ₹ 10 each (Previous year 2,834,277 shares of ₹ 10 each)			
Investment in Mutual Funds	249.77	203.67	
(A)	309.50	269.18	
Cash and Bank Balances			
Balance with Banks			
- on Savings account	7.87	0.16	
- on Deposit account	-	-	
(B)	7.87	0.16	
Other Current Assets			
Advance Income Tax	8.58	8.58	
(C)	8.58	8.58	
(A)+(B)+(C)	325.95	277.92	



Income and Expenditure Account

(In ₹ million)

Income	For the quarter ended September 30, 2014	For the half year ended September 30, 2014	For the year ended March 31, 2014
Dividend on Shares	10.61	10.61	32.79
Dividend on Mutual Funds	-	-	0.51
Profit on sale/ redemption of investments	17.83	35.75	41.98
Bank Interest	0.09	0.09	2.67
Total Income	28.53	46.45	77.95

(In ₹ million)

Expenditure	For the quarter ended September 30, 2014	For the half year ended September 30, 2014	For the year ended March 31, 2014
Bank Charges	-	0.01	0.05
Income Tax	-	-	2.80
Total Expenditure	-	0.01	2.85
Excess of Income over expenditure	28.53	46.44	75.10

27. Corresponding periods/ previous year's figures have been regrouped where necessary to conform to current period's classification.

As per our report of even date

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366W/W-100018

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

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

Chartered Accountants

Chartered Accountants

per Hemant M. Joshi
Partner
Membership no.: 038019

per C.K. Joshi
Partner
Membership no.: 030428

Dr. Anand Deshpande
Chairman and
Managing Director

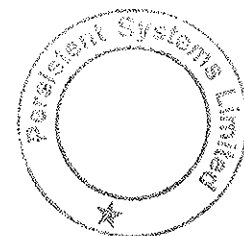
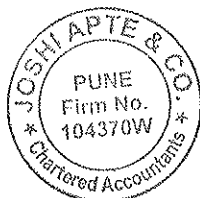
Rohit Kamat
Chief Financial Officer

Kiran Umrootkar
Director

Place : Pune
Date : October 18, 2014

Place : Pune
Date : October 18, 2014

Place : Pune
Date : October 18, 2014



Persistent Systems Limited

CONDENSED CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2014

	Note	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	5	400.00	400.00	400.00
Reserves and surplus	6	13,084.64	10,601.88	11,823.44
		<u>13,484.64</u>	<u>11,001.88</u>	<u>12,223.44</u>
Non-current liabilities				
Long term borrowings	7	41.91	23.35	31.87
Other long term liabilities	8	1.12	629.96	300.59
Long term provisions	9	105.46	84.55	93.23
		<u>148.49</u>	<u>737.86</u>	<u>425.69</u>
Current liabilities				
Trade payables	10	578.59	403.66	433.73
Other current liabilities	10	1,152.10	1,018.08	1,140.11
Short-term provisions	11	1,045.66	1,024.51	1,210.87
		<u>2,777.35</u>	<u>2,446.25</u>	<u>2,784.71</u>
TOTAL		<u>16,410.48</u>	<u>14,185.99</u>	<u>15,433.84</u>
ASSETS				
Non-current assets				
Goodwill on consolidation		23.64	-	22.94
Fixed assets				
Tangible assets	12.1	2,966.60	2,827.17	2,785.30
Intangible assets	12.2	1,126.22	1,557.31	1,269.05
Capital work-in-progress		197.30	311.56	307.40
		<u>4,290.12</u>	<u>4,696.04</u>	<u>4,361.75</u>
Non-current investments	13	1,651.36	172.69	823.23
Deferred tax assets (net)	14	263.38	234.92	260.12
Long term loans and advances	15	127.81	174.42	137.97
Other non-current assets	16	25.57	440.08	459.44
		<u>6,381.88</u>	<u>5,718.15</u>	<u>6,065.45</u>
Current assets				
Current investments	17	4,039.33	3,766.69	4,071.36
Trade receivables	18	3,423.71	2,891.41	3,028.17
Cash and bank balances	19	1,216.22	861.98	956.54
Short term loans and advances	20	498.03	373.29	410.07
Other current assets	21	851.31	574.47	902.25
		<u>10,028.60</u>	<u>8,467.84</u>	<u>9,368.39</u>
TOTAL		<u>16,410.48</u>	<u>14,185.99</u>	<u>15,433.84</u>
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 & Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants

per Herman M. Joshi
Partner
Membership no. 038019

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

per C. K. Joshi
Partner
Membership no. 030428

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

Anand Deshpande
Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umroorkar
Director

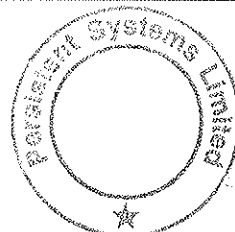
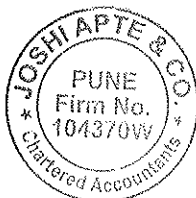
Rohit Kamat
Rohit Kamat
Chief Financial Officer

Amil Atré
Amil Atré
Company Secretary

Place: Pune
Date : October 18, 2014

Place: Pune
Date : October 18, 2014

Place: Pune
Date : October 18, 2014



Persistent Systems Limited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2014

	Note	For the quarter ended		For the half year ended		For the year ended
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
		In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Income						
Revenue from operations (net)	22	4,641.74	4,323.71	8,991.61	7,896.59	16,691.53
Other income	23	269.47	90.36	507.43	246.71	310.16
Total revenue (A)		4,911.21	4,414.07	9,499.04	8,143.30	17,001.69
Expenses						
Employee benefit expenses	24.1	2,732.05	2,320.46	5,262.10	4,321.51	9,088.68
Cost of technical professionals	24.2	254.98	254.72	494.46	455.15	905.77
Other expenses	25	693.57	740.85	1,329.34	1,228.70	2,553.17
Finance cost		0.23	0.13	0.43	0.22	0.53
Depreciation and amortization expense	12.3	237.20	262.86	464.79	409.67	1,025.95
Total expenses (B)		3,917.44	3,579.14	7,551.12	6,505.26	13,676.10
Profit before tax (A - B)		993.77	834.93	1,947.92	1,638.05	3,426.69
Tax expense						
Current tax		279.89	246.49	546.38	505.69	1,009.49
Tax credit in respect of earlier years		-	(11.89)	(0.30)	(13.35)	(13.39)
Deferred tax charge / (credit)		0.73	(7.52)	0.65	(33.09)	(62.29)
Total tax expense		280.62	227.08	546.73	459.25	933.82
Net profit for the period / year		713.15	607.85	1,401.19	1,178.80	2,492.77
Earnings per equity share						
[Nominal value of share ₹10 (Corresponding period/ previous year: ₹10)]	26					
Basic (In ₹)		18.11	15.65	35.64	30.40	64.07
Diluted (In ₹)		17.83	15.20	35.03	29.47	62.32

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 & Sells LLP
ICAI Firm registration no. 117366WW-100018
Chartered Accountants

per Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date : October 18, 2014

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

per C. K. Joshi
Partner
Membership no. 030428

Place: Pune
Date : October 18, 2014

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

Anand Deshpande

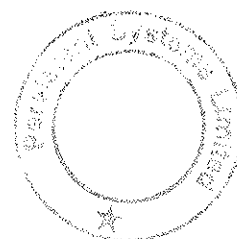
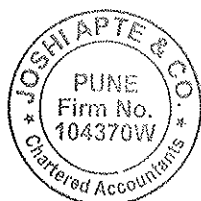
Dr. Anand Deshpande
Chairman and
Managing Director

Rohit Kamat
Chief Financial Officer

Place: Pune
Date : October 18, 2014

Kiran Umrookar
Director

Amil Aje
Company Secretary

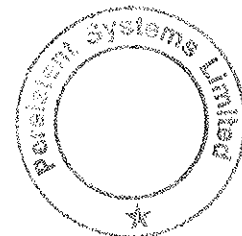
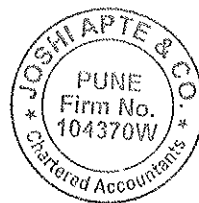
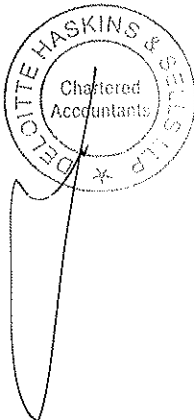


Persistent Systems Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2014

	For the half year ended		For the year ended
	September 30, 2014	September 30, 2013	March 31, 2014
	In ₹ Million	In ₹ Million	In ₹ Million
Cash flow from operating activities			
Profit before tax	1,947.92	1,638.05	3,426.59
Adjustments for:			
Interest income	(55.63)	(44.11)	(91.47)
Finance cost	0.43	0.22	0.53
Dividend income	(106.95)	(55.88)	(149.51)
Depreciation and amortization expense	464.79	499.67	1,025.95
Unrealised exchange loss (net)	(54.44)	9.67	58.13
Change in foreign currency translation reserve	(7.63)	(45.49)	(34.01)
Exchange loss/ (gain) on derivative contracts	(42.51)	147.88	19.59
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents	(2.09)	(3.76)	18.93
Bad debts	53.93	43.57	46.27
Provision for doubtful receivables (net)	-	21.53	28.37
Provision for doubtful receivables written back (net)	(53.50)	-	-
Employee stock compensation expenses	-	-	-
Provision for doubtful deposits	2.18	2.82	-
Provision for doubtful deposit written back	-	-	(1.11)
Provision for doubtful advances	-	0.42	0.45
Provision for diminution in value of non current investments	-	0.05	0.05
Provision for diminution in value of current investments	-	12.84	-
Intercompany deposits written off	-	-	3.90
Excess provision in respect of earlier periods/ years written back	(5.35)	(2.11)	(2.22)
Profit on sale of investments (net)	(36.02)	(54.47)	(54.50)
(Profit)/ loss on sale of fixed assets (net)	(1.31)	(1.24)	3.32
Operating profit before working capital changes	2,103.82	2,169.66	4,299.26
Movements in working capital :			
(Increase) in trade receivables	(337.74)	(514.25)	(689.20)
Decrease/ (Increase) in other current assets	18.59	(245.63)	(343.84)
(Increase) in loans and advances	(96.66)	(43.05)	(111.85)
Increase in trade payables and current liabilities	172.47	190.50	501.32
(Decrease)/ Increase in provisions	35.21	(15.09)	129.40
Operating profit after working capital changes	1,895.69	1,542.14	3,785.09
Direct taxes paid (net of refunds)	(521.60)	(301.03)	(976.85)
Net cash generated from operating activities (A)	1,374.09	1,241.11	2,808.24
Cash flows from investing activities			
Payment towards capital expenditure	(697.75)	(340.88)	(581.27)
Proceeds from sale of fixed assets	1.34	1.64	2.66
Acquisition of subsidiary net of cash of ₹ 2.51 million	-	-	(31.70)
Purchase of non-current investments	(3.00)	-	(650.54)
Investments in mutual funds	(6,567.01)	(6,045.28)	(12,491.96)
Proceeds from sale / maturity of current investments	5,810.97	5,436.39	11,591.27
Investments in bank deposits having original maturity over three months	(13.15)	(1.36)	(23.54)
Maturity of bank deposits having original maturity over three months	100.00	2.71	41.74
Inter corporate deposits placed	-	-	-
Inter corporate deposits refunded	0.07	0.10	7.33
Interest received	16.78	1.62	28.05
Dividends received	106.95	53.83	149.51
Net cash (used in) investing activities (B)	(1,244.80)	(891.13)	(1,958.45)
Cash flows from financing activities			
Proceeds from long term borrowings	13.02	9.15	17.87
Dividends paid	(160.07)	(119.92)	(439.76)
Tax on dividend paid	(27.19)	(20.39)	(74.78)
Net cash (used in) financing activities (C)	(174.24)	(131.16)	(496.87)

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Persistent Systems Limited**CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2014**

	For the half year ended		For the year ended
	September 30, 2014	September 30, 2013	March 31, 2014
	In ₹ Million	In ₹ Million	In ₹ Million
Net increase in cash and cash equivalents (A + B + C)	(44.95)	218.82	352.92
Cash and cash equivalents at the beginning of the year	832.87	498.88	498.88
Effect of exchange difference on translation of foreign currency cash and cash equivalents	2.09	3.76	(18.93)
Cash and cash equivalents at the end of the period/ year	790.01	721.46	832.87
Components of cash and cash equivalents			
Cash on hand	0.23	0.12	0.14
Balances with banks			
On current accounts #	526.59	308.21	473.32
On saving accounts	0.08	0.01	0.01
On Exchange Earner's Foreign Currency accounts	262.34	412.44	358.66
On unpaid dividend accounts*	0.77	0.68	0.84
Cash and cash equivalents as per note 19	790.01	721.46	832.87

Out of the balance the Company can utilise ₹ 18.65 million (Corresponding period ₹ 10.43 million /Previous year ₹ 16.28 million) only towards research and development activities specified in the loan agreement.

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

Summary of significant accounting policies - Refer note 4

As per our report of even date

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366WW-100018
Chartered Accountants

per Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date : October 18, 2014

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

per C. K. Joshi
Partner
Membership no. 030428

Place: Pune
Date : October 18, 2014

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

Dr. Anand Deshpande
Chairman and
Managing Director

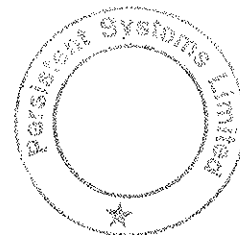
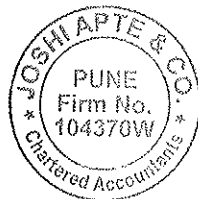
Rohit Kamat
Chief Financial Officer

Place: Pune
Date : October 18, 2014

Kiran Umrookar
Director

Amr Alre
Company Secretary

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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 Persistent Systems Limited, 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.

2. Basis of preparation

The condensed interim financial statements for the quarter and half year ended September 30, 2014 have been prepared in accordance with Accounting Standard 25- 'Interim Financial Reporting' notified by Companies (Accounting Standards) Rules, (as amended) 2006.

The condensed financial statements of the Group are prepared in accordance with generally accepted accounting principles in India (Indian GAAP) to comply in all material respects with the Accounting Standard notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 2013 (to the extent notified). These condensed financial statements are prepared on an accrual basis and under the historical cost convention except derivative financial instruments which have been measured at fair value. The accounting policies are consistently applied by the Group during the period and are consistent with those used in previous period/ year.

3. Principles of consolidation

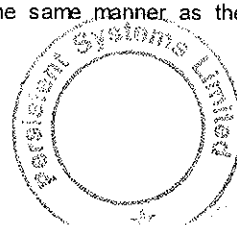
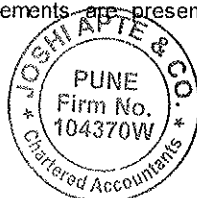
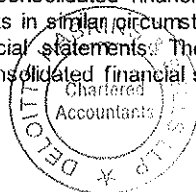
The condensed consolidated financial statements for the quarter and half year ended September 30, 2014 of the Company and its subsidiaries ("the Group") are prepared in accordance with generally accepted accounting principles applicable in India, and the Accounting Standard 21 (AS-21) on 'Consolidation of Financial Statements', notified by Companies (Accounting Standards) Rules, 2006, (as amended) ("Accounting Standards") by and to the extent possible in the same format as that adopted by the Company for its separate financial statements.

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 unconsolidated financial statements.



Persistent Systems Limited

Notes forming part of condensed consolidated 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.

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

Name of the subsidiary	Ownership percentage as at			Country of incorporation
	September 30, 2014	September 30, 2013	March 31, 2014	
Persistent Systems, Inc.	100%	100%	100%	USA
Persistent Systems Pte Limited	100%	100%	100%	Singapore
Persistent Systems France SAS	100%	100%	100%	France
Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems Inc.)	100%	100%	100%	USA
Persistent Systems Malaysia Sdn. Bhd.	100%	100%	100%	Malaysia
CloudSquads, Inc. (wholly owned subsidiary of Persistent Systems Inc.)	100%	-	100%	USA

4. Summary of significant accounting policies

(a) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP 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 reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible fixed assets

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

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the reporting period during which such expenses are incurred.

Gains or losses arising from disposal of fixed assets 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

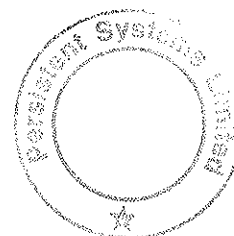
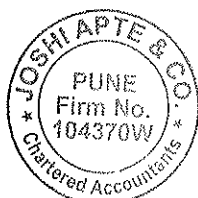
(i) Acquired intangible assets

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

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



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(ii) 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) Depreciation and amortization

Depreciation on tangible fixed assets 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 fixed assets 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
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 land is amortized on straight line basis over the period of the lease which is 95 years. 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.

(e) Impairment of tangible and intangible assets

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

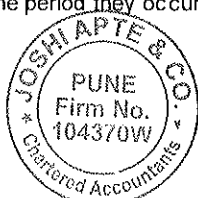
Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial period / year end even if there is no indication that the asset is impaired.

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

(f) 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 they occur.



(g) 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 on a straight-line basis over the lease term.

(h) Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value, determined on category of investment basis. Long-term investments presented in the financial statements are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary decline, in the value of investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(i) Revenue recognition

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 is recognized on a pro-rata basis over the period of the contract.

Revenue from licensing of software is recognized upon delivery.

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

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

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.

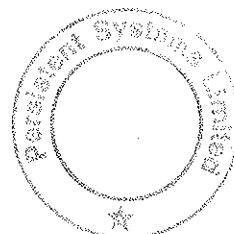
(ii) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. 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 by the reporting date. Dividend income is included under the head 'Other income' in the statement of profit and loss.

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

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

Conversion

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 fixed assets acquisition are recognized as income or expenses in the reporting period in which they arise.

Forward exchange contracts not intended for trading or speculation purposes covered by AS-11 "The effects of changes in Foreign Exchange rates"

The premium or discount arising at the inception of forward exchange contracts is amortized and is recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the reporting period.

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

The Group has adopted principles of AS-30-"Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India (ICAI), to the extent that the adoption did not conflict with existing notified accounting standards and other authoritative pronouncements of the company law and other regulatory requirements.

As per the accounting principles laid down in AS-30 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 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 in hedge reserve 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.

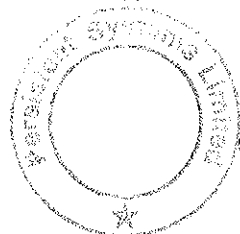
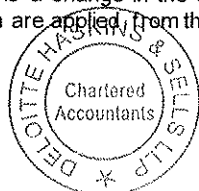
Translation of integral and non-integral foreign operation

The Group classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financials statements of the integral foreign operations are translated as if the transactions of the foreign operations have been those of the Group itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency 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. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.



(k) 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. Actuarial gains and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.

(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. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

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. Actuarial gains and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.

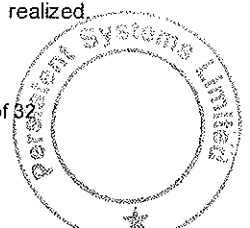
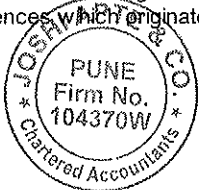
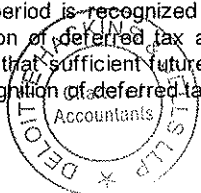
(l) Income taxes

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.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current reporting period and reversal of timing differences of earlier reporting periods. 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 timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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 timing 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 timing differences which reverse after the tax holiday period is recognized in the period/ year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.



At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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.

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 period/ 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.

(m) 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 primary reporting segments are identified based on review of market and business dynamics based on risk and returns affected by the type or class of customers for the services provided. The analysis of geographical segment is based on the areas in which the customers of the Company operate.

(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 and project related travel expenses. 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 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

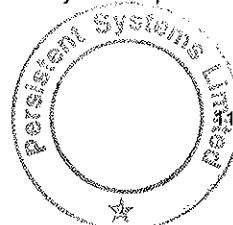
There are no inter-segments transactions.

(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.

(n) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period / year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year. The weighted average number of equity shares outstanding during the 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 PSPPL 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.

(o) 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 not discounted to its present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the 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. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

(q) Cash and cash equivalents

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

(r) Employee stock compensation expenses

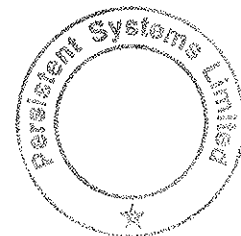
Employees (including senior executives) of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. 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 reporting period / year represents the movement in cumulative expense recognized as at the beginning and end of that reporting period and is recognized in employee benefits expense. The employee stock option schemes have a graded vesting schedule. Each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

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

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5. Share capital

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Authorized shares (No. in million)			
112 (Corresponding period/ Previous year: 112) equity shares of ₹ 10 each	1,120.00	1,120.00	1,120.00
	1,120.00	1,120.00	1,120.00
Issued, subscribed and fully paid-up shares (No. in million)			
40 (Corresponding period/ Previous year: 40) equity shares of ₹ 10 each	400.00	400.00	400.00
Issued, subscribed and fully paid-up share capital	400.00	400.00	400.00

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

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

b) Terms / rights attached to equity shares

The Company 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 Company 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 quarter ended September 30, 2014, the amount of per share interim dividend recognized as distributions to equity shareholders is ₹ Nil (Corresponding period ₹ Nil/ Previous year ₹ 8).

During the year ended March 31, 2014, the amount of per share final dividend recognized as distributions to equity shareholders was ₹ 4.

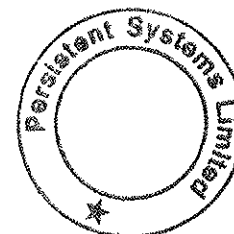
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder*	As at September 30, 2014		As at September 30, 2013		As at March 31, 2014	
	No. in million	% Holding	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	11.46	28.65	11.46	28.65	11.46	28.65
Mr. Suresh Deshpande jointly with Mrs. Sulabha Suresh Deshpande	4.09	10.24	4.09	10.24	4.09	10.24
PSPL ESOP Management Trust	2.58	6.45	3.12	7.79	2.83	7.09
Saif Advisors Mauritius Limited	2.13	5.33	2.13	5.33	2.13	5.33

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

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

6. Reserves and surplus

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
A. Securities premium account			
Balance as per the last financial statements	1,736.70	1,736.70	1,736.70
	1,736.70	1,736.70	1,736.70
B. Employees share options outstanding account			
Balance as per the last financial statements	26.96	30.48	30.48
Add : Additions during the reporting period	-	-	-
Less: Transferred to general reserve	(1.12)	(1.40)	(3.52)
	25.84	29.08	26.96
C. General reserve			
Balance as per the last financial statements	4,522.39	3,617.42	3,617.42
Add: Transferred from the statement of profit and loss	-	-	994.30
Add: Adjustments towards employees stock options	1.12	4.55	3.52
Less: Adjustments towards PSPL ESOP Management Trust (Refer note 30 b)	-	-	(92.85)
	4,523.51	3,621.97	4,522.39
D. Foreign currency translation reserve			
Balance as per the last financial statements	137.50	61.92	61.92
Add: Exchange difference during the reporting period on net investment in non-integral foreign operations	18.20	104.83	75.58
	155.70	166.75	137.50
E. Hedge reserve			
Balance as per the last financial statements	214.73	87.76	87.76
Addition / (deduction) during the reporting period	(158.19)	(467.45)	126.97
	56.54	(379.69)	214.73
F. Surplus in the statement of profit and loss			
Balance as per the last financial statements	5,185.16	4,248.27	4,248.27
Net profit for the reporting period year	1,401.19	1,178.80	2,492.77
Less: Appropriations			
Interim dividend	-	-	(320.00)
Proposed final dividend	-	-	(160.00)
Tax on dividend	-	-	(81.58)
Transferred to general reserve	-	-	(994.30)
	6,586.35	5,427.07	6,185.16
	13,084.64	10,601.88	11,823.44

7. Long-term borrowings

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Term loans (unsecured)			
Indian rupee loan from others	44.89	23.35	31.87
	44.89	23.35	31.87
Less: Current maturity of long term borrowings transferred to other current liabilities (Refer note 10).	(2.98)	-	-
	41.91	23.35	31.87

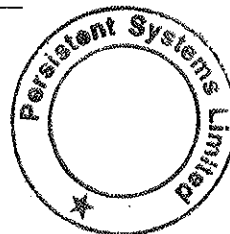
The term loans from Government departments have the following terms and conditions:

Loan I - amounting to ₹ 15.06 million (Corresponding period ₹ 6.54 million /Previous year ₹ 15.06 million) with interest payable @ 2% per annum guaranteed by a bank

Loan II - amounting to ₹ 29.83 million (Corresponding period ₹ 16.81 million /Previous year ₹ 16.81 million) with interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from September 2015.

8. Other long term liabilities

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Capital creditors			
	-	629.38	299.70
Interest accrued but not due on term loans			
	1.33	0.58	0.89
Less: Current maturity of interest accrued but not due on term loan transferred to other current liabilities (Refer note 10).	(0.21)	-	-
	1.12	0.58	0.89
	1.12	629.96	300.59



Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

9. Long term provisions

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Provision for employee benefits			
- Long service awards	105.46	84.55	93.23
	105.46	84.55	93.23

10. Trade payables and other current liabilities

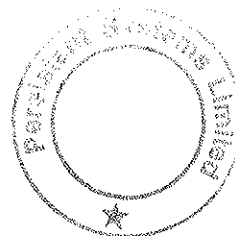
	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Trade payables	578.59	403.66	433.73
	578.59	403.66	433.73
Other current liabilities			
Unearned revenue	521.62	259.85	526.39
Unpaid dividend *	0.77	0.68	0.84
Current maturity of long term borrowings (Refer note 7)	2.98	-	-
Current maturity of interest on long term borrowings (Refer note 8)	0.21	-	-
Advance from customers	15.48	4.28	11.51
Forward contracts payable	-	492.75	-
Capital creditors	360.62	55.93	377.80
Other payables			
- Statutory liabilities	110.34	90.71	101.89
- Accrued employee liabilities	133.36	110.19	118.60
- Other liabilities	6.72	3.69	3.08
	1,152.10	1,018.08	1,140.11

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

11. Short-term provisions

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Provision for employee benefits			
- Gratuity	90.49	17.91	46.21
- Leave encashment	336.76	322.82	297.52
- Long service awards	12.73	4.78	11.02
- Other employee benefits	606.68	542.36	668.93
Others			
- Income tax (Net of advance tax)	-	136.64	-
- Proposed dividend	-	-	160.00
- Tax on proposed dividend	-	-	27.19
	1,046.66	1,024.51	1,210.87

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

12.1 Tangible assets

	Freehold land	Leasehold land	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)										
As at April 1, 2014	221.30	40.11	2,161.08	1,388.04	45.87	1,163.37	21.52	471.31	4.54	5,517.14
Additions	-	-	137.05	197.32	3.43	45.47	0.09	28.25	1.07	412.68
Disposals	-	-	-	20.82	-	0.16	-	-	0.88	21.86
Other adjustments	-	-	(3.63)	6.41	0.13	0.16	0.06	0.88	-	3.20
- Exchange differences	(0.81)	-	-	-	-	-	-	-	-	-
As at September 30, 2014	220.49	40.11	2,294.50	1,570.95	49.43	1,208.84	21.67	500.44	4.73	5,911.16
Depreciation and amortization										
As at April 1, 2014	-	3.13	499.58	1,082.93	29.93	736.89	10.23	364.81	4.54	2,731.84
Charge for the period	-	0.21	44.54	110.38	2.92	53.19	1.33	19.06	0.02	231.74
Disposals	-	-	-	20.79	-	0.16	-	-	0.88	21.83
Other adjustments	-	-	-	-	-	-	-	-	-	-
- Exchange differences	-	-	(0.44)	3.17	0.05	-	-	0.03	-	2.81
As at September 30, 2014	-	3.34	543.78	1,175.69	32.90	789.72	11.56	383.89	3.68	2,944.56

Net block

As at September 30, 2014	220.49	36.77	1,750.72	395.26	16.53	419.12	10.11	116.55	1.05	2,966.60
As at March 31, 2014	221.30	36.58	1,661.50	305.11	15.94	425.68	11.29	165.50	-	2,785.30

	Freehold land	Leasehold land	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At Cost)										
As at April 1, 2013	219.07	39.53	2,677.09	1,195.58	40.93	1,093.41	20.81	427.67	4.54	5,119.03
Additions	-	0.18	46.25	129.79	1.08	28.96	-	6.35	-	212.62
Disposals	-	-	-	1.20	0.86	2.04	-	0.25	-	4.35
Other adjustments	-	-	-	-	-	-	-	-	-	-
- Exchange differences	2.62	-	11.72	21.91	0.31	0.01	-	0.98	-	37.55
As at September 30, 2013	221.69	40.11	2,135.06	1,346.08	41.47	1,120.34	20.81	434.75	4.54	5,364.85
Depreciation and amortization										
As at April 1, 2013	-	2.71	413.57	901.27	25.72	634.30	8.10	328.52	4.48	2,318.77
Charge for the period	-	0.21	42.28	100.03	2.39	52.39	1.25	17.31	0.06	215.92
Disposals	-	-	-	1.04	0.80	1.86	-	0.25	-	3.95
Other adjustments	-	-	-	-	-	-	-	-	-	-
- Exchange differences	-	-	0.88	5.49	0.16	0.01	-	0.40	-	6.94
As at September 30, 2013	-	2.92	456.83	1,005.75	27.47	684.84	9.35	345.98	4.54	2,537.68
Net block										
As at September 30, 2012	221.69	37.19	1,678.23	340.33	14.00	435.50	11.46	88.77	-	2,827.17

Details of assets constituted on leasehold land are as follows:

- Gross block as on September 30, 2014 ₹ 1,301.77 million (Corresponding period ₹ 1,136.98 million/ Previous year ₹ 1,164.72 million).
- Depreciation charge for the period ₹ 24.67 million (Corresponding period ₹ 22.37 million/ Previous year ₹ 45.38 million)
- Accumulated depreciation as on September 30, 2014 ₹ 179.32 million (Corresponding period ₹ 131.61 million/ Previous year ₹ 154.65 million)
- Net book value as on September 30, 2014 ₹ 1,122.45 million (Corresponding period ₹ 1,005.37 million/ Previous year ₹ 1,010.07 million)



Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

12.1 Tangible assets

	Freehold land	Leasehold land	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)										
As at April 1, 2013	219.07	39.93	2,077.09	1,195.58	40.93	1,093.41	20.81	427.67	4.54	5,119.03
Additions	-	0.18	74.00	203.72	6.28	75.25	2.52	45.77	-	407.72
Disposals	-	-	-	24.27	1.50	5.12	1.74	1.70	-	34.33
Other adjustments	-	-	-	-	-	-	-	-	-	-
- Exchange differences	2.23	-	9.99	13.01	0.16	(0.17)	(0.07)	(0.43)	-	24.72
As at March 31, 2014	221.30	40.11	2,161.08	1,388.04	45.87	1,163.37	21.52	471.31	4.54	5,517.14
Depreciation and amortization										
As at April 1, 2013	-	2.71	413.67	901.27	25.72	634.30	8.10	328.52	4.48	2,318.77
Charge for the year	-	0.42	85.23	203.37	5.11	105.05	2.50	36.66	0.06	438.40
Disposals	-	-	-	23.74	0.99	2.65	0.36	0.61	-	28.35
Other adjustments	-	-	-	-	-	-	-	-	-	-
- Exchange differences	-	-	0.68	2.03	0.09	(0.01)	(0.01)	0.24	-	3.02
As at March 31, 2014	-	3.13	499.58	1,082.93	29.93	736.69	10.23	364.81	4.54	2,731.84
Net block										
As at March 31, 2014	221.30	36.98	1,661.50	305.11	15.94	426.68	11.29	106.50	-	2,785.30

Details of assets constructed on leasehold land are as follows:

- a) Gross block as on March 31, 2014 ₹ 1,164.72 million
- b) Depreciation charge for the year ₹ 45.38 million
- c) Accumulated depreciation as on March 31, 2014 ₹ 154.65 million
- d) Net book value as on March 31, 2014 ₹ 1,010.07 million

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

12.2 Intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block (At Cost)			
As at April 1, 2014	2,430.36	575.05	3,005.41
Additions	61.33	-	61.33
Disposals	-	-	-
Other adjustments			
- Exchange differences	41.95	10.40	52.35
As at September 30, 2014	2,533.64	585.45	3,119.09
Amortization			
As at April 1, 2014	1,347.83	388.53	1,736.36
Charge for the period	197.28	35.77	233.05
Disposals	-	-	-
Other adjustments			
- Exchange differences	17.83	5.63	23.46
As at September 30, 2014	1,562.94	429.93	1,992.87
Net block			
As at September 30, 2014	970.70	155.52	1,126.22
As at March 31, 2014	1,082.53	186.52	1,269.05

(In ₹ Million)

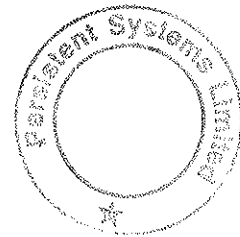
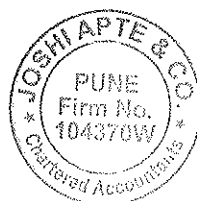
	Software	Acquired contractual rights	Total
Gross block (At Cost)			
As at April 1, 2013	1,289.28	542.68	1,831.96
Additions	947.38	-	947.38
Disposals	-	-	-
Other adjustments			
- Exchange differences	188.37	47.71	236.08
As at September 30, 2013	2,425.03	590.39	3,015.42
Amortization			
As at April 1, 2013	924.50	205.36	1,129.86
Charge for the period	197.81	85.85	283.76
Disposals	-	-	-
Other adjustments			
- Exchange differences	34.28	10.21	44.49
As at September 30, 2013	1,156.59	301.52	1,458.11
Net block			
As at September 30, 2013	1,268.44	288.87	1,557.31

12.3 Depreciation and amortization

(In ₹ Million)

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
On tangible assets	119.38	110.95	231.74	215.92	438.40
On intangible assets	117.82	151.91	233.05	283.76	587.57
Less: attributable to fixed assets used for construction of building	-	-	-	(0.01)	(0.02)
	237.20	262.86	464.79	499.67	1,025.95

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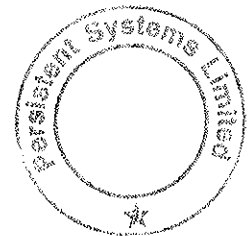
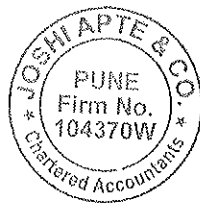
Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

12.2 Intangible assets

	Software	Acquired contractual rights	(In ₹ Million) Total
Gross block (At Cost)			
As at April 1, 2013	1,289.28	542.68	1,831.96
Additions	1,017.60	-	1,017.60
Disposals	-	-	-
Other adjustments			
- Exchange differences	123.48	32.37	155.85
As at March 31, 2014	2,430.36	575.05	3,005.41
Amortization			
As at April 1, 2013	926.76	203.10	1,129.86
Charge for the year	406.15	181.42	587.57
Disposals	-	-	-
Other adjustments			
- Exchange differences	14.92	4.01	18.93
As at March 31, 2014	1,347.83	388.53	1,736.36
Net block			
As at March 31, 2014	1,082.53	186.52	1,269.05

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

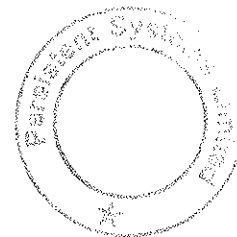
13. Non-current investments

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Trade Investments (At cost unless otherwise mentioned)			
Investments in Equity Instruments (Unquoted)			
In Associates (Unquoted)			
Klisma eService Private Limited (Holding 50%. (Corresponding period/ Previous year 50%)) 0.005 million (Corresponding period/ Previous year 0.005 million) shares of ₹ 10 each, fully paid up	0.05	0.05	0.05
Less : Provision for diminution in value of investment	0.05	0.05	0.05
Sprint Telecom India Private Limited (Holding 26% (Corresponding period/ Previous year 26%)) 1.30 million (Corresponding period 0.65 million/ Previous year: 1.30 million) shares of ₹ 10 each, fully paid up	13.00	6.50	13.00
	<u>13.00</u>	<u>6.50</u>	<u>13.00</u>
	<u>13.00</u>	<u>6.50</u>	<u>13.00</u>
In Others* (Unquoted)			
Ciqua Limited (Holding 2.38% (Corresponding period/ Previous year 2.38%)) 0.04 million (Corresponding period/ Previous year: 0.04 million) shares of GBP 0.01 each, fully paid up	13.10	13.50	12.88
Less : Provision for diminution in value of investment	13.10	13.50	12.88
	-	-	-
Altizon Systems Private Limited 1,683 equity shares (Corresponding period/ Previous year: Nil) of ₹ 10 each, fully paid up	3.00	-	-
	<u>3.00</u>	<u>-</u>	<u>-</u>
Investments in preferred stock (Unquoted)			
Hygenx Inc. 0.25 million (Corresponding period: Nil / Previous year: 0.25 million) Preferred stock of \$ 0.001 each, fully paid up	12.35	-	11.99
	<u>12.35</u>	<u>-</u>	<u>11.99</u>
Investments in Convertible Notes (Unquoted)			
DxNow, Inc. 1 (Corresponding period: Nil / Previous year: 1) convertible note of USD 125,000 each, fully paid up	7.72	-	7.49
Ustyme, Inc. 1 (Corresponding period: Nil / Previous year: 1) convertible note of USD 250,000 each, fully paid up	15.44	-	14.99
	<u>23.16</u>	<u>-</u>	<u>22.48</u>
Non-trade investments (At cost unless otherwise mentioned)			
Government Securities (Quoted)			
In government securities [Market value ₹ 782.04 million, (Corresponding period ₹ 164.44 million/ Previous year ₹ 779.85 million)]	775.76	166.19	775.76
	<u>775.76</u>	<u>166.19</u>	<u>775.76</u>
Investments in mutual funds (Quoted) #			
Aggregate amount of quoted investments [Market value ₹ 895.85 million, (Corresponding / Previous year ₹ Nil)]	824.09	-	-
	<u>824.09</u>	<u>-</u>	<u>-</u>
	<u>1,651.36</u>	<u>172.69</u>	<u>823.23</u>
Aggregate provision for diminution in value of investments	13.15	13.55	12.93
Aggregate amount of quoted investments [Market value ₹ 1,677.89 (Corresponding period ₹ 164.44 million/ Previous year ₹ 779.85 million)]	1,599.85	166.19	775.76
Aggregate amount of unquoted investments	64.66	20.05	60.40

* 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"

The investments in mutual funds that are intended to be held for more than one year from the date on which such investments are made have been reclassified from current investments to long-term investments. The transfer from current investments to long-term investments have been made at the lower of cost and the carrying amount at the date of transfer.

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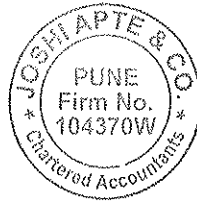


Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

13 a) Details of investment in long term mutual funds (Quoted)

	As at September 30, 2014		As at September 30, 2013		As at March 31, 2014	
	Units (In nos. million)	In ₹ Million	Units (in nos. million)	In ₹ Million	Units (in nos. million)	In ₹ Million
IDFC mutual fund	13.81	194.62	-	-	-	-
ICICI Prudential mutual fund	14.46	239.00	-	-	-	-
SBI mutual fund	30.03	399.47	-	-	-	-
		824.09		-		-

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

14. Deferred tax asset (net) *

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Deferred tax liabilities			
Differences in depreciation / amortization and other differences in a block of tangible and intangible assets as per the tax books and financial books	205.58	114.77	132.64
Others	-	3.83	-
	<u>205.58</u>	<u>118.60</u>	<u>132.64</u>
Deferred tax assets			
Provision for leave encashment	116.02	113.31	101.14
Provision for long service awards	40.17	30.36	35.43
Provision for doubtful debts	131.98	156.97	154.06
Sales commission	29.89	14.09	-
Differences in depreciation / amortization and other differences in a block of tangible and intangible assets as per the tax books and financial books	127.64	38.79	98.30
Others	23.26	-	3.83
	<u>468.96</u>	<u>353.52</u>	<u>392.76</u>
Deferred tax assets (net)	263.38	234.92	260.12

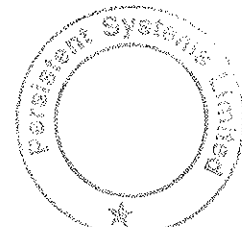
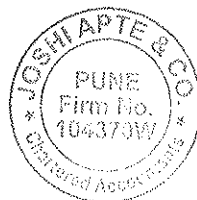
* Deferred tax assets and deferred tax liabilities have been offset wherever the Group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.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

15. Long term loans and advances

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Capital advances (Unsecured, considered good)	14.66	8.51	6.79
Security deposits			
Unsecured, considered good	70.22	58.93	59.14
Unsecured, considered doubtful	2.19	-	-
	<u>72.41</u>	<u>58.93</u>	<u>59.14</u>
Less: Provision for doubtful deposits	2.19	-	-
	<u>70.22</u>	<u>58.93</u>	<u>59.14</u>
Advance income tax (Net of provision for income tax)	34.28	-	58.76
Inter corporate deposits			
Unsecured, considered good	0.54	0.45	0.61
Unsecured, considered doubtful	0.58	0.58	0.58
	<u>1.12</u>	<u>1.03</u>	<u>1.19</u>
Less: Provision for doubtful deposits	0.58	0.58	0.58
	<u>0.54</u>	<u>0.45</u>	<u>0.61</u>
Other loans and advances (Unsecured, considered good)			
Advance to PSPIL ESOP Management Trust	-	95.99	-
Advances recoverable in cash or kind or for value to be received	8.11	10.54	12.67
	<u>8.11</u>	<u>106.53</u>	<u>12.67</u>
	<u>127.81</u>	<u>174.42</u>	<u>137.97</u>

16. Other non-current assets

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Non-current bank balances (Refer note 19)	12.23	401.62	401.62
Interest accrued but not due	13.34	38.46	57.82
	<u>25.57</u>	<u>440.08</u>	<u>459.44</u>



Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

17. Current investments (At lower of cost and market value)

	As at		As at		As at	
	September 30, 2014		September 30, 2013		March 31, 2014	
	In ₹ Million		In ₹ Million		In ₹ Million	
Non trade						
Investments in mutual funds (Quoted)		4,039.33		3,779.53		4,071.36
Aggregate amount of quoted investments [Market value ₹ 4,079.79 million (Corresponding period ₹ 3,766.69 million/ Previous year ₹ 4,123.68 million)]						
Less: provision for diminution in the value of investments		-		12.84		-
		4,039.33		3,766.69		4,071.36

17 a) Details of investment in mutual funds (Quoted)

	As at September 30, 2014		As at September 30, 2013		As at March 31, 2014	
	Units (in nos. million)	In ₹ Million	Units (in nos. million)	In ₹ Million	Units (in nos. million)	In ₹ Million
IDFC mutual fund	29.40	298.36	14.03	409.85	33.80	394.92
HDFC mutual fund	40.33	413.05	31.00	318.85	46.24	471.23
ICICI Prudential mutual fund	25.49	259.02	16.03	387.01	39.44	480.00
Franklin Templeton mutual fund	0.33	395.09	0.33	395.09	0.33	395.09
DWS mutual Fund	32.96	447.49	17.37	437.29	32.35	426.11
Birla Sun Life mutual fund	3.73	382.18	6.62	363.11	6.62	363.11
Tata mutual fund	0.45	479.56	0.06	67.52	-	-
Reliance mutual fund	21.97	281.06	15.79	170.14	21.48	275.74
SBI mutual fund	0.05	50.12	20.13	406.45	30.10	477.24
Kotak mutual fund	-	-	32.73	363.54	-	-
UTI mutual fund	40.46	501.07	-	-	46.10	499.19
L&T mutual fund	4.61	159.69	20.77	460.68	4.57	123.68
Axis mutual fund	10.49	372.64	-	-	0.16	165.05
		4,039.33		3,779.53		4,071.36



Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

18. Trade receivables

	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good	-	-	-
Unsecured, considered doubtful	437.23	490.66	459.89
Less : Provision for doubtful receivables	437.23	490.66	459.89
	-	-	-
Others			
Unsecured, considered good	3,423.71	2,891.41	3,028.17
Unsecured, considered doubtful	4.10	5.64	27.18
	3,427.81	2,897.05	3,055.35
Less : Provision for doubtful receivables	4.10	5.64	27.18
	3,423.71	2,891.41	3,028.17
	3,423.71	2,891.41	3,028.17

19. Cash and bank balances

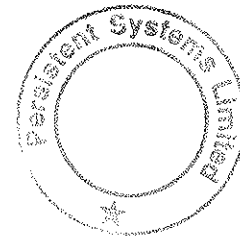
	As at September 30, 2014 In ₹ Million	As at September 30, 2013 In ₹ Million	As at March 31, 2014 In ₹ Million
Cash and cash equivalents as presented in cash flow statement			
Cash on hand	0.23	0.12	0.14
Balances with banks			
On current accounts *	526.59	308.21	473.32
On saving accounts	0.08	0.01	0.01
On Exchange Eamer's Foreign Currency accounts	262.34	412.44	358.56
On unpaid dividend accounts **	0.77	0.68	0.84
	790.01	721.46	832.87
Other bank balances			
On deposit account with original maturity more than three months but less than twelve months	1.39	-	1.00
On deposit account with original maturity more than twelve months ***	437.05	542.14	524.29
	438.44	542.14	525.29
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under non-current assets (Refer note 16)	(12.23)	(401.62)	(401.62)
	426.21	140.52	123.67
	1,216.22	861.98	956.54

* Out of the balance the Company can utilise ₹ 18.65 million (Corresponding period ₹ 10.43 million/ Previous year ₹ 16.28 million) only towards research and development activities specified in the loan agreement.

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

*** Out of the balance, fixed deposits of ₹ 33.33 million (Corresponding period ₹ 31.63 million/ Previous year ₹ 23.72 million) have been earmarked against bank guarantees given by the Company

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

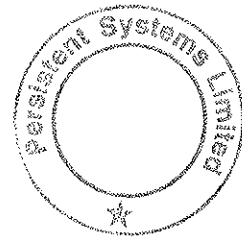
20. Short term loans and advances

	As at September 30, 2014 in ₹ Million	As at September 30, 2013 in ₹ Million	As at March 31, 2014 in ₹ Million
Inter corporate deposit			
Unsecured, considered good	-	7.36	-
Unsecured, considered doubtful	27.43	30.25	27.43
	27.43	37.61	27.43
Less: Provision for doubtful deposits	27.43	30.25	27.43
	-	7.36	-
Other loans and advances (Unsecured, considered good)			
- Deposits	3.75	6.77	4.69
- Advances recoverable in cash or kind or for value to be received	396.31	260.09	327.76
- MAT credit entitlement	-	23.35	-
- VAT receivable (net)	55.03	52.03	59.61
- Service tax receivable (net)	42.94	23.69	18.01
	498.03	365.93	410.07
Other loans and advances (Unsecured, considered doubtful)			
Advances recoverable in cash or kind or for value to be received	0.75	0.72	0.75
Less: Provision for doubtful advances	0.75	0.72	0.75
	-	-	-
	498.03	373.29	410.07

21. Other current assets

	As at September 30, 2014 in ₹ Million	As at September 30, 2013 in ₹ Million	As at March 31, 2014 in ₹ Million
Interest accrued but not due	110.74	27.79	27.41
Forward contracts receivable	114.27	-	229.95
Unbilled revenue	626.30	546.68	644.89
	851.31	574.47	902.25

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

22. Revenue from operations (net)

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2014 In ₹ Million	September 30, 2013 In ₹ Million	September 30, 2014 In ₹ Million	September 30, 2013 In ₹ Million	March 31, 2014 In ₹ Million
Software services	4,546.96	4,212.35	8,788.30	7,758.23	16,313.10
Software licenses	94.78	111.36	203.31	138.36	378.43
	<u>4,641.74</u>	<u>4,323.71</u>	<u>8,991.61</u>	<u>7,896.59</u>	<u>16,691.53</u>

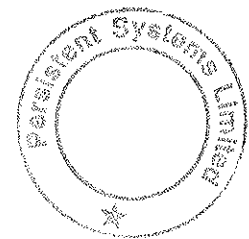
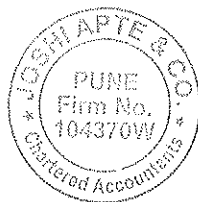
23. Other income

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2014 In ₹ Million	September 30, 2013 In ₹ Million	September 30, 2014 In ₹ Million	September 30, 2013 In ₹ Million	March 31, 2014 In ₹ Million
Interest income					
On bank deposits	10.87	13.28	21.67	26.06	65.11
On others	16.54	14.47	33.96	18.05	36.36
Foreign exchange gain (net)	155.42	-	288.66	83.88	-
Profit on sale of fixed assets (net)	1.20	0.08	1.31	1.24	-
Dividend income from current investments	55.86	17.88	106.95	55.88	149.51
Profit on sale of current investments (net)	20.87	32.01	38.02	54.47	54.50
Excess provision in respect of earlier period / years written back	0.36	9.29	5.35	2.11	2.22
Provision for doubtful deposits written back (net)	-	-	-	-	1.11
Miscellaneous income	8.35	3.35	13.51	5.02	11.35
	<u>269.47</u>	<u>90.36</u>	<u>507.43</u>	<u>246.71</u>	<u>310.16</u>

24. Personnel expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2014 In ₹ Million	September 30, 2013 In ₹ Million	September 30, 2014 In ₹ Million	September 30, 2013 In ₹ Million	March 31, 2014 In ₹ Million
24.1 Employee benefit expenses					
Salaries, wages and bonus	2,530.92	2,204.07	4,874.24	4,033.37	8,476.91
Contribution to provident and other funds	55.92	46.26	106.84	90.81	189.35
Gratuity expenses	44.69	(20.03)	81.68	16.67	44.97
Defined contribution to other funds	28.69	24.86	57.98	50.88	105.29
Staff welfare and benefits	71.83	65.32	141.36	129.78	273.16
	<u>2,732.05</u>	<u>2,320.48</u>	<u>5,262.10</u>	<u>4,321.51</u>	<u>9,089.68</u>
24.2 Cost of technical professionals	254.39	254.72	494.46	455.15	905.77
	<u>2,986.44</u>	<u>2,575.20</u>	<u>5,756.56</u>	<u>4,776.66</u>	<u>9,995.45</u>

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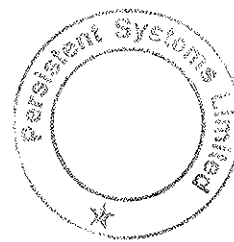
Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

25. Other expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	169.68	153.34	398.78	325.09	658.37
Electricity expenses (net)	28.70	15.73	53.04	39.58	86.37
Internet link expenses	12.16	13.60	25.97	27.38	50.43
Communication expenses	17.07	12.31	34.99	25.34	51.10
Recruitment expenses	17.69	8.31	29.65	19.01	37.78
Training and seminars	9.08	7.48	13.55	10.94	20.93
Royalty expenses	49.41	59.93	87.47	106.70	217.20
Purchase of software licenses and support expenses	128.74	137.23	239.77	251.05	477.54
Bad debts	44.95	4.74	53.93	43.57	46.27
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	(21.33)	30.99	(53.50)	21.53	28.37
Rent	39.30	33.96	74.01	65.02	137.01
Insurance	6.27	5.61	12.44	11.46	22.33
Rates and taxes	9.84	6.63	17.68	17.42	30.43
Legal and professional fees	70.17	43.53	116.70	79.95	190.28
Repairs and maintenance	-	-	-	-	-
- Plant and Machinery	17.39	19.81	36.32	37.60	68.09
- Buildings	10.68	6.22	15.44	10.83	21.91
- Others	4.39	4.12	7.96	7.67	15.95
Commission on sales	(1.31)	0.10	0.51	0.10	6.68
Advertisement and sponsorship fees	14.58	9.74	26.35	18.57	44.34
Computer consumables	5.18	3.61	9.16	6.00	11.98
Auditors' remuneration	2.09	1.81	4.13	3.42	8.60
Donations	13.48	19.05	28.62	21.93	29.50
Books, memberships, subscriptions	6.81	3.68	11.81	5.89	13.95
Loss on sale of fixed assets (net)	-	-	-	-	3.32
Foreign exchange loss (net)	-	99.56	-	-	149.31
Directors' sitting fees	0.37	0.21	0.55	0.46	0.64
Directors' commission	0.93	1.40	2.90	4.10	8.26
Provision for doubtful deposits	1.98	-	2.18	2.82	-
Provision for doubtful advances	-	0.21	-	0.42	0.45
Intercompany deposits written off	-	-	-	-	3.90
Provision for diminution in value of non current investments	-	-	-	0.05	0.05
Provision for diminution in value of current investments	-	12.84	-	12.84	-
Miscellaneous expenses	35.27	25.20	78.93	51.96	111.83
	693.57	740.95	1,329.34	1,228.70	2,553.17

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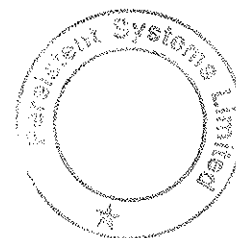
Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

26. Earnings per share

		For the quarter ended		For the half year ended		For the year ended
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
Numerator for Basic and Diluted EPS						
Net Profit after tax (In ₹ Million)	(A)	713.15	607.85	1,401.19	1,178.80	2,492.77
Denominator for Basic EPS						
Weighted average number of equity shares	(B)	39,381,284	38,828,503	39,318,080	38,781,613	38,906,380
Denominator for Diluted EPS						
Number of equity shares	(C)	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	18.11	15.65	35.64	30.40	64.07
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	17.83	15.20	35.03	29.47	62.32
Number of shares considered as basic weighted average shares outstanding						
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
Number of shares considered as basic weighted average shares outstanding		39,381,284	38,828,503	39,318,080	38,781,613	38,906,380
Add: Effect of dilutive issues of stock options		618,716	1,171,497	681,920	1,218,387	1,093,620
Number of shares considered as weighted average shares and potential shares outstanding		40,000,000	40,000,000	40,000,000	40,000,000	40,000,000

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

27. Segment Information

The Group's operations predominantly relate to providing software products, services and technology innovation covering full life cycle of product to its customers. The primary reporting segments are identified based on review of market and business dynamics based on risk and returns affected by the type or class of customers for the services provided which are as follows:

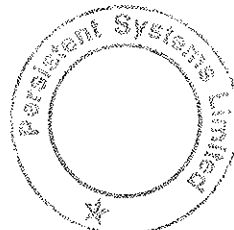
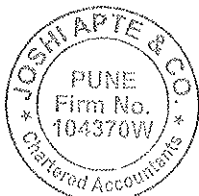
- a. Infrastructure and Systems
- b. Telecom and Wireless
- c. Life science and Healthcare
- d. Financial Services

The secondary segment reporting has been presented based on geographical location of customers.

(In ₹ Million)

Particulars			Infrastructure and Systems	Telecom and Wireless	Life Science and Healthcare	Financial Services	Total
Revenue	Quarter ended	Sep-30-2014	2,601.19	775.02	619.74	645.79	4,641.74
	Quarter ended	Sep-30-2013	2,990.58	761.77	571.36	-	4,323.71
	Half year ended	Sep-30-2014	4,872.84	1,580.87	1,191.45	1,246.45	8,991.61
	Half year ended	Sep-30-2013	5,460.99	1,500.52	935.08	-	7,896.59
	Year ended	Mar-31-2014	11,640.28	2,999.98	2,081.27	-	16,691.53
Identifiable expenses	Quarter ended	Sep-30-2014	1,465.86	459.41	309.92	408.72	2,643.91
	Quarter ended	Sep-30-2013	1,667.14	343.43	269.45	-	2,280.02
	Half year ended	Sep-30-2014	2,778.79	926.00	586.38	867.11	5,158.28
	Half year ended	Sep-30-2013	3,143.44	672.08	454.96	-	4,270.48
	Year ended	Mar-31-2014	6,405.78	1,332.62	995.94	-	8,734.34
Segmental result	Quarter ended	Sep-30-2014	1,135.33	315.61	309.82	237.07	1,997.83
	Quarter ended	Sep-30-2013	1,323.44	418.34	301.91	-	2,043.69
	Half year ended	Sep-30-2014	2,194.05	654.87	605.07	379.34	3,833.33
	Half year ended	Sep-30-2013	2,317.55	828.44	480.12	-	3,626.11
	Year ended	Mar-31-2014	5,234.50	1,637.36	1,085.33	-	7,957.19
Unallocable expenses	Quarter ended	Sep-30-2014					1,273.53
	Quarter ended	Sep-30-2013					1,299.12
	Half year ended	Sep-30-2014					2,392.84
	Half year ended	Sep-30-2013					2,234.77
	Year ended	Mar-31-2014					4,840.76
Operating income	Quarter ended	Sep-30-2014					724.30
	Quarter ended	Sep-30-2013					744.57
	Half year ended	Sep-30-2014					1,440.49
	Half year ended	Sep-30-2013					1,391.34
	Year ended	Mar-31-2014					3,116.43
Other income (net of expenses)	Quarter ended	Sep-30-2014					269.47
	Quarter ended	Sep-30-2013					90.36
	Half year ended	Sep-30-2014					507.43
	Half year ended	Sep-30-2013					246.71
	Year ended	Mar-31-2014					310.16
Profit before taxes	Quarter ended	Sep-30-2014					993.77
	Quarter ended	Sep-30-2013					834.93
	Half year ended	Sep-30-2014					1,947.92
	Half year ended	Sep-30-2013					1,638.05
	Year ended	Mar-31-2014					3,426.59
Tax expense	Quarter ended	Sep-30-2014					280.62
	Quarter ended	Sep-30-2013					227.08
	Half year ended	Sep-30-2014					546.73
	Half year ended	Sep-30-2013					459.25
	Year ended	Mar-31-2014					933.82
Profit after tax	Quarter ended	Sep-30-2014					713.15
	Quarter ended	Sep-30-2013					607.85
	Half year ended	Sep-30-2014					1,401.19
	Half year ended	Sep-30-2013					1,178.80
	Year ended	Mar-31-2014					2,492.77

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

27. Segment Information

(in ₹ Million)

Particulars			Infrastructure and Systems	Telecom and Wireless	Life Science and Healthcare	Financial Services	Total
Segmental trade receivables	As at	Sep-30-2014	2,073.19	568.82	404.98	376.72	3,423.71
	As at	Sep-30-2013	1,997.19	526.29	367.93	-	2,891.41
	As at	Mar-31-2014	2,205.26	471.32	351.59	-	3,028.17
Unallocated assets	As at	Sep-30-2014	-	-	-	-	12,986.77
	As at	Sep-30-2013	-	-	-	-	11,294.58
	As at	Mar-31-2014	-	-	-	-	12,405.67

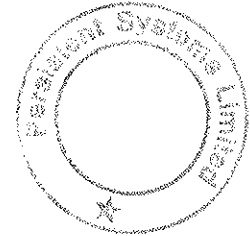
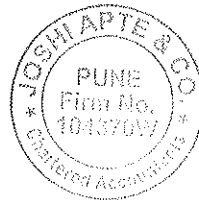
Geographical Segments

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			North America	Europe	Rest of the World	Total
Revenue	Quarter ended	Sep-30-2014	3,893.88	294.63	353.23	4,641.74
	Quarter ended	Sep-30-2013	3,660.05	188.32	475.34	4,323.71
	Half year ended	Sep-30-2014	7,730.31	575.51	685.79	8,991.61
	Half year ended	Sep-30-2013	6,788.26	360.39	747.94	7,896.59
	Year ended	Mar-31-2014	14,200.94	892.63	1,597.96	16,691.53
Segmental trade receivables	As at	Sep-30-2014	2,856.56	203.96	363.19	3,423.71
	As at	Sep-30-2013	2,427.35	136.94	327.12	2,891.41
	As at	Mar-31-2014	2,467.00	232.29	328.88	3,028.17

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

28. Contingent liabilities

The Group does not have any contingent liability as on September 30, 2014 (Corresponding period/ Previous year ₹ Nil)

(i) During the previous year, a US based corporation had filed a suit against a step down subsidiary of the Company, claiming damages for direct and contributory infringement of copyrights and breach of contract. The Company is of the opinion that these claims are without merit and intends to defend the claims vigorously.

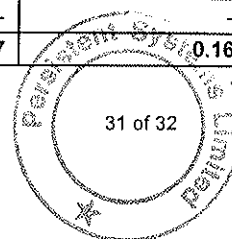
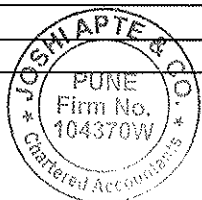
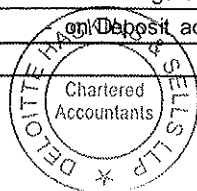
29. On February 10, 2014, the Company, through its wholly owned subsidiary Persistent Systems Inc., acquired the entire equity capital of US based CloudSquads Inc., for an upfront consideration of USD 0.56 million. The stock purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The additional contingent consideration payable to the selling shareholders is subject to a maximum amount of USD 2.93 million. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.

30.

- a) The ESOP schemes of Persistent Systems Limited ("the Company") are administered through the ESOP Trust. As per the provisions of the Trust Deed, the Trust is constituted as an irrevocable trust and in no event the funds of the Trust shall revert to the Company. The Company has obtained a legal opinion which states that the Company has no right to the assets of the Trust. In view of this position, the Company has not consolidated the financial statements of the ESOP Trust in the standalone financial statements of the Company.
- b) The Company had adjusted the difference between the cost incurred by the Trust for the purpose of purchase of shares and the exercise price of those shares which have been exercised by the employee during the earlier periods/years to General Reserve, in accordance with Guidance Note on accounting for Employee share based payment, issued by the Institute of Chartered Accountants of India. However in view of the legal opinion referred to in a) above, on March 31, 2014 the Company has reversed the amount of ₹ 92.85 million, initially transferred to General Reserve.
- c) The financial statements of the Trust have been presented below :

Balance Sheet		(In ₹ million)	
Corpus fund and liabilities	As at September 30, 2014	As at March 31, 2014	
Corpus Fund	0.60	0.60	
(A)	0.60	0.60	
Income and Expenditure Account			
Balance as per last financial Statement	270.48	195.38	
Add: Excess of Income over expenditure for the year	46.44	75.10	
(B)	316.92	270.48	
Current Liabilities and Provisions			
Due to ESOP Holders	1.70	0.11	
Provision for Taxation	6.73	6.73	
(C)	8.43	6.84	
(A)+(B)+(C)	325.95	277.92	

Assets		(In ₹ million)	
Assets	As at September 30, 2014	As at March 31, 2014	
Current Investments			
Investments in Shares of Persistent Systems Limited	59.73	65.51	
2,584,137 shares of ₹ 10 each (Previous year 2,834,277 shares of ₹ 10 each)			
Investment in Mutual Funds	249.77	203.67	
(A)	309.50	269.18	
Cash and Bank Balances			
Balance with Banks			
- on Savings account	7.87	0.16	
on Deposit account	-	-	
(B)	7.87	0.16	



Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

Assets	As at September 30, 2014	As at March 31, 2014
Other Current Assets		
Advance Income Tax	8.58	8.58
(C)	8.58	8.58
(A)+(B)+(C)	325.95	277.92

Income and Expenditure Account

(In ₹ million)

Income	For the quarter ended September 30, 2014	For the half year ended September 30, 2014	For the year ended March 31, 2014
Dividend on Shares	10.61	10.61	32.79
Dividend on Mutual Funds	-	-	0.51
Profit on sale/ redemption of investments	17.83	35.75	41.98
Bank Interest	0.09	0.09	2.67
Total Income	28.53	46.45	77.95

(In ₹ million)

Expenditure	For the quarter ended September 30, 2014	For the half year ended September 30, 2014	For the year ended March 31, 2014
Bank Charges	-	0.01	0.05
Income Tax	-	-	2.80
Total Expenditure	-	0.01	2.85
Excess of Income over expenditure	28.53	46.44	75.10

31. Corresponding period's/ previous year's figures have been regrouped where necessary to conform to current period's classification.

As per our report of even date

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

per Hemant M. Joshi
Partner
Membership no.: 038019

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

per C. K. Joshi
Partner
Membership no.: 030428

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

Anand Deshpande

Dr. Anand Deshpande
Chairman and Managing
Director

Kiran Umrootkar
Director

Rohit Kamat

Rohit Kamat
Chief Financial Officer

Amit Atre

Amit Atre
Company Secretary

Place : Pune
Date : October 18, 2014

Place : Pune
Date : October 18, 2014

Place : Pune
Date : October 18, 2014

