PERSISTENT

NSE & BSE / 2018-19 / 92

January 28, 2019

The Manager,
Corporate Services,
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai 400051

Ref: Symbol: PERSISTENT

The Manager,
Corporate Services,
BSE Limited
14th Floor, P J Towers, Dalal Street,
Mumbai 400001

Ref: Scrip Code: 533179

Dear Sir / Madam,

Sub.: Financial Results for the quarter and period ended December 31, 2018

We wish to inform you that the Board of Directors at its meeting held on January 27, 2019 and concluded on January 28, 2019, has approved the Financial Results for the quarter and period ended December 31, 2018.

Accordingly, please find enclosed the following documents:

1. Audited Consolidated Financial Results for the quarter and period ended December 31, 2018;

2. Audited Unconsolidated Financial Results for the quarter and period ended December 31, 2018.

Please acknowledge the receipt.

Thanking you,

Yours faithfully,
For **Persistent Systems Limited**

Amit Atre
Company Secretary

Encl: As above

Persistent Systems Limited, Bhageerath, 402, Senapati Bapat Road, Pune 411016 | Tel : +91 (20) 670 30000
Persistent Systems Inc., 2055, Laurelwood Rd, Suite 210, Santa Clara, CA 95054, USA | Tel : +1 (408) 216 7010
CIN - L72300PN1990PLC056696 | Fax - +91 (20) 6703 0009 | e-mail - info@persistent.com | Website - www.persistent.com

Deloitte
Haskins & Sells LLP

Chartered Accountants
706, 'B' Wing, 7th Floor
ICC Trade Tower
Senapati Bapat Road
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Maharashtra, India

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF PERSISTENT SYSTEMS LIMITED

Report on the Audit of the Consolidated Interim Condensed Financial Statements

Opinion

We have audited the accompanying consolidated interim condensed financial statements ('the Consolidated Condensed Financial Statements') of **Persistent Systems Limited** ('the Parent) and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group'), its associate, which comprise the Consolidated Condensed Balance Sheet as at 31 December 2018, the Consolidated Condensed Statement of Profit and Loss for the quarter and nine months ended on that date, the Consolidated Condensed Statement of Changes in Equity and the Consolidated Condensed Cash Flows Statement for the nine months period then ended, and notes to the Consolidated Condensed Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate condensed financial statements of the subsidiaries, associate referred to in the Other Matters paragraph below the aforesaid Consolidated Condensed Financial Statements give a true and fair view in conformity with the Indian Accounting Standard 34 (Ind AS 34) prescribed under section 133 of the Companies Act, 2013 ('the Act') and other accounting principles generally accepted in India, of their consolidated state of affairs of the Parent as at 31 December 2018, of consolidated profit/(loss) for the quarter and nine months ended on that date, consolidated changes in equity and its consolidated cash flows for the nine months period then ended.

Basis for Opinion

We conducted our audit of the Consolidated Condensed Financial Statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Condensed Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the ICAI together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our opinion on the Consolidated Condensed Financial Statements.

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Emphasis of Matter

We draw attention to Note 38 to the Consolidated Condensed Financial Statements, relating to the deposits of Rs 430 million in Infrastructure Leasing & Financial Services Group as at 31 December 2018, whose rating was significantly downgraded by credit rating agency – ICRA in August 2018. No provision against these deposits is considered necessary by the management as at 31 December 2018 for the reasons stated in the said note.

Responsibilities of Management and Those Charged with Governance for the Consolidated Condensed Financial Statements

The Parent Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Condensed Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group including its associate in accordance with the Ind AS 34 and other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent Company, as aforesaid.

In preparing the Consolidated Condensed Financial Statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Condensed Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Condensed Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Condensed Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Condensed Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal financial control of the Group, its associate.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Condensed Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Condensed Financial Statements, including the disclosures, and whether the Consolidated Condensed Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the Consolidated Condensed Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Condensed Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Condensed Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

- We communicate with those charged with governance of the Parent and such other entities included in the Consolidated Condensed Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

a) We did not audit the condensed financial statements of 16 (sixteen) subsidiaries whose condensed financial statements reflect total assets of Rs. 1,556.27 Million as at 31 December 2018, total revenues of Rs. 1,249.55 Million and Rs. 4,068.40 Million respectively for the quarter and nine months ended on that date and net cash flows amounting to Rs. (161.24) Million for the nine months period then ended, as considered in the Consolidated Condensed Financial Statements whose financial statements have not been audited by us. These condensed financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Condensed Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

b) The Consolidated Condensed Financial Statements include the Group's share of net profit/loss of Rs. Nil for the quarter and nine months ended 31 December 2018, as considered in the Consolidated Condensed Financial Statements, in respect of 1 (one) associate, whose condensed financial statements have not been audited by us. This condensed financial statements are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Condensed Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this associate is based solely on such unaudited condensed financial statements. In our opinion and according to the information and explanations given to us by the Management, this condensed financial statements are not material to the Group.

Our opinion on the Consolidated Condensed Financial Statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the condensed financial statements certified by the Management.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Hemant M. Joshi
Partner
(Membership No. 038019)

Place: Pune
Date: 28 January 2019

Persistent Systems Limited

CONDENSED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2018

	Notes	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
ASSETS				
Non-current assets				
Property, Plant and Equipment	6.1	2,408.27	2,605.99	2,581.30
Capital work-in-progress		8.68	35.89	7.71
Goodwill	6.2	82.01	75.20	76.61
Other intangible assets	6.3	1,867.78	2,668.08	2,463.54
Intangible assets under development		271.10	56.95	44.72
		4,637.84	5,442.11	5,173.88
Financial assets				
- Investments	7	3,900.28	2,499.45	2,881.04
- Loans	8	158.51	133.06	142.73
-Other non-current financial assets	9	29.78	323.63	37.43
Deferred tax assets (net)	10	719.89	329.87	842.01
Other non-current assets	11	74.68	62.50	91.57
		9,520.98	8,790.62	8,968.66
Current assets				
Financial assets				
- Investments	12	7,352.25	5,532.19	5,916.31
- Trade receivables (net)	13	4,726.66	5,005.07	4,847.40
- Cash and cash equivalents	14	1,432.34	1,781.52	1,343.72
- Other bank balances	15	1,824.47	694.08	1,070.25
- Loans	16	11.14	12.40	6.63
- Other current financial assets	17	2,996.53	2,799.20	2,758.25
Current tax assets (net)		172.58	12.89	233.50
Other current assets	18	1,463.68	1,303.58	1,563.41
		19,979.65	17,140.93	17,739.47
TOTAL		29,500.63	25,931.56	26,708.13
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	5	800.00	800.00	800.00
Other equity		23,075.37	20,311.23	20,471.99
		23,875.37	21,111.23	21,271.99
LIABILITIES				
Non- current liabilities				
Financial liabilities				
- Borrowings	19	13.33	17.91	16.55
Provisions	20	168.47	158.92	159.75
Deferred tax liabilities (net)	10	315.75	-	270.41
		497.55	176.83	446.71
Current liabilities				
Financial liabilities				
- Trade payables [(dues of micro and small enterprises: Nil (December 31, 2017/March 31, 2018: Nil)]	21	1,645.25	1,506.38	1,673.08
- Other financial liabilities	22	429.32	466.93	396.33
Other current liabilities	23	1,335.81	1,219.30	1,201.02
Provisions	24	1,717.33	1,450.88	1,599.49
Current tax liabilities (net)		-	-	119.51
		5,127.71	4,643.49	4,989.43
TOTAL		29,500.63	25,931.56	26,708.13
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

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

Hemant M. Joshi
Partner
Membership No. 038019

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : January 28, 2019

Place: Pune
Date : January 28, 2019

Persistent Systems Ltd. * Pune *

Persistent Systems Limited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

	Notes	For the quarter ended		For the nine months ended		For the year ended
		December 31, 2018 In ₹ Million	December 31, 2017 In ₹ Million	December 31, 2018 In ₹ Million	December 31, 2017 In ₹ Million	March 31, 2018 In ₹ Million
Income						
Revenue from operations (net)	25	8,642.49	7,918.90	25,340.87	22,811.57	30,337.03
Other income	26	229.93	192.76	592.59	897.01	1,191.01
Total income (A)		**8,872.42**	**8,111.66**	**25,933.46**	**23,708.58**	**31,528.04**
Expenses						
Employee benefits expense	27.1	4,909.33	4,787.18	14,390.06	13,831.81	18,316.46
Cost of professionals	27.2	905.89	775.55	2,627.62	2,313.95	3,180.63
Finance costs		0.67	0.14	2.02	0.47	0.79
Depreciation and amortization expense	6.4	396.32	392.63	1,195.71	1,163.98	1,584.87
Other expenses	28	1,365.00	981.00	3,967.80	3,089.25	4,152.68
Total expenses (B)		**7,577.21**	**6,936.50**	**22,183.21**	**20,399.46**	**27,235.43**
Profit before tax (A - B)		**1,295.21**	**1,175.16**	**3,750.25**	**3,309.12**	**4,292.61**
Tax expense						
Current tax		266.03	300.69	1,044.45	929.25	1,203.99
Tax credit in respect of earlier years		73.39	(33.66)	76.29	(45.90)	(71.19)
Deferred tax charge / (credit)		38.62	(8.57)	(42.55)	(68.05)	(71.07)
Total tax expense		**378.04**	**258.46**	**1,078.19**	**815.30**	**1,061.73**
Net profit for the period / year (C)		**917.17**	**916.70**	**2,672.06**	**2,493.82**	**3,230.88**
Other comprehensive income						
Items that will not be reclassified to profit and loss (D)						
- Remeasurements of the defined benefit liabilities / (asset) (net of tax)		(33.50)	11.51	(59.34)	68.25	106.88
		(33.50)	**11.51**	**(59.34)**	**68.25**	**106.88**
Items that may be reclassified to profit and loss (E)						
- Effective portion of cash flow hedge (net of tax)		351.15	27.40	52.86	(131.70)	(191.81)
- Exchange differences in translating the financial statements of foreign operations		(165.47)	(91.04)	172.24	(18.95)	77.70
		185.68	**(63.64)**	**225.10**	**(150.65)**	**(114.11)**
Total other comprehensive income for the period / year (D) + (E)		**152.18**	**(52.13)**	**165.76**	**(82.40)**	**(7.23)**
Total comprehensive income for the period / year (C) + (D) + (E)		**1,069.35**	**864.57**	**2,837.82**	**2,411.42**	**3,223.65**
Earnings per equity share [Nominal value of share ₹10 (Corresponding period / Previous year: ₹10)]	29					
Basic (In ₹)		11.46	11.46	33.40	31.17	40.39
Diluted (In ₹)		11.46	11.46	33.40	31.17	40.39
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

Hemant M. Joshi
Partner
Membership no. 038019

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

Sunil Sapre
Executive Director and Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : January 28, 2019

Place: Pune
Date : January 28, 2019

Persistent Systems Ltd. * Pune *

Persistent Systems Limited

CONSOLIDATED CASH FLOW STATEMENT FOR NINE MONTHS ENDED DECEMBER 31, 2018

		For the nine months ended		For the year ended
		December 31, 2018 In ₹ Million	December 31, 2017 In ₹ Million	March 31, 2018 In ₹ Million
Cash flow from operating activities				
Profit before tax		3,750.25	3,309.12	4,292.61
Adjustments for:				
Interest income		(189.26)	(112.48)	(161.54)
Finance income on lease deposits		-	-	-
Discount allowed		61.66	37.62	11.78
Finance costs		2.02	0.47	0.79
Dividend income		(138.20)	(129.23)	(171.25)
Depreciation and amortization expense		1,195.71	1,163.98	1,584.87
Amortization of lease premium		0.44	0.44	0.58
Unrealised exchange loss/ (gain) (net)		105.58	(74.21)	(123.74)
Change in foreign currency translation reserve		16.96	13.48	(28.46)
Exchange loss/ (gain) on derivative contracts		74.58	48.06	76.73
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents		61.84	(65.51)	(100.66)
Donations in kind		1.40	0.26	0.16
Bad debts		71.04	39.28	183.97
Provision for doubtful receivables (net)		(10.22)	(16.75)	(151.38)
Employee stock compensation expenses		-	3.80	3.80
Provision for diminution in value of non current investments		13.94	29.02	26.96
Remeasurements of the defined benefit liabilities / (asset) (before tax effects)		(85.10)	97.40	148.47
Excess provision in respect of earlier years written (back) / off		(21.91)	(4.33)	(18.19)
Advances written back		-	(23.76)	(23.76)
(Gain)/ loss on fair valuation of assets designated as at FVTPL		87.93	72.54	18.92
(Profit)/ loss on sale of investments (net)		(288.52)	(174.60)	(186.84)
(Profit) / loss on sale of fixed assets (net)		(2.52)	(1.87)	(2.40)
Operating profit before working capital changes		4,707.62	4,212.73	5,381.42
Movements in working capital :				
(Increase) / Decrease in non-current and current loans		(6.83)	2.62	(1.31)
(Increase) / Decrease in other non current assets		(10.11)	6.47	(3.42)
(Increase) / Decrease in other current financial assets		(448.71)	(317.43)	72.03
(Increase) / Decrease in other current assets		99.73	(436.47)	(696.30)
(Increase) / Decrease in trade receivables		(111.75)	(75.63)	145.39
Increase / (Decrease) in trade payables and current liabilities		141.93	221.01	305.93
Increase / (Decrease) in provisions		126.56	72.59	222.03
Operating profit after working capital changes		4,498.44	3,685.89	5,425.77
Direct taxes paid (net of refunds)		(1,153.57)	(850.85)	(1,213.84)
Net cash generated from / (used in) operating activities	(A)	3,344.87	2,835.04	4,211.93
Cash flows from investing activities				
Payment towards capital expenditure (including intangible assets)		(296.52)	(541.62)	(654.56)
Proceeds from sale of fixed assets		2.94	2.15	3.12
Acquisition of step-down subsidiary net of cash of ₹0.35 million (Previous period / year ₹ 169.22 million)		(148.15)	(413.99)	(408.35)
Purchase of bonds		(908.90)	(495.74)	(595.43)
Proceeds from sale/ maturity of bonds		50.00	-	-
Purchase of non-current investments		(144.96)	-	-
Investments in mutual funds		(16,937.29)	(9,913.09)	(15,502.22)
Proceeds from sale / maturity of mutual funds		15,712.64	9,303.53	14,290.26
Investments in bank deposits having original maturity over three months		(3,183.29)	(18.90)	(326.06)
Maturity of bank deposits having original maturity over three months		2,285.66	16.15	42.26
Investments in deposit with financial institutions		(300.00)	(405.35)	(595.35)
Maturity of deposit with financial institutions		550.35	-	-
Inter corporate deposits refunded		-	0.15	0.18
Non current loans (made) / refunded		(13.46)	-	-
Interest received		259.95	52.19	101.00
Dividends received		138.20	129.23	171.25
Net cash generated from / (used in) investing activities	(B)	(2,932.83)	(2,285.29)	(3,473.90)
Cash flows from financing activities				
(Repayment of) long term borrowings		(3.22)	(3.22)	(4.58)
Specific project related grant received		4.50	-	-
Interest paid		(2.68)	(1.13)	(1.54)
Dividends paid		(239.30)	(239.72)	(799.79)
Tax on dividend paid		(20.18)	(50.77)	(150.23)
Net cash generated from / (used in) financing activities	(C)	(260.88)	(294.84)	(956.14)

Persistent Systems Limited

CONSOLIDATED CASH FLOW STATEMENT FOR NINE MONTHS ENDED DECEMBER 31, 2018

	For the nine months ended		For the year ended
	December 31, 2018 In ₹ Million	December 31, 2017 In ₹ Million	March 31, 2018 In ₹ Million
Net increase / (decrease) in cash and cash equivalents (A + B + C)	151.16	254.91	(218.11)
Cash and cash equivalents at the beginning of the period / year	1,345.13	1,462.58	1,462.58
Effect of exchange difference on translation of foreign currency cash and cash equivalents	(61.84)	65.51	100.66
Cash and cash equivalents at the end of the period / year	1,434.45	1,783.00	1,345.13
Components of cash and cash equivalents			
Cash on hand (Refer note 14)	0.25	0.32	0.23
Cheques on hand (Refer note 14)	26.97	-	-
Balances with banks			
On current accounts # (Refer note 14)	1,073.50	1,585.31	1,196.91
On saving accounts (Refer note 14)	8.07	0.60	0.75
On Exchange Earner's Foreign Currency accounts (Refer note 14)	323.55	195.29	145.83
On unpaid dividend accounts* (Refer note 15)	2.11	1.48	1.41
Cash and cash equivalents	1,434.45	1,783.00	1,345.13

Out of the cash and cash equivalent balance as at December 31, 2018, the Group can utilise ₹ 2.98 million only towards research and development activities specified in the loan / grant agreement. There were no such restrictions for utilisation of the cash and cash equivalent balance as at December 31, 2017 and March 31, 2018

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

Summary of significant accounting policies - Refer note 4

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

As per our report of even date

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

Hemant M. Joshi
Partner
Membership no. 038019

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

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Executive Director and Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : January 28, 2019

Place: Pune
Date : January 28, 2019

Persistent Systems Ltd. * Pune

Persistent Systems Limited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS ENDED DECEMBER 31, 2018

A. Share capital

(Refer note 5)

(In ₹ Million)

Balance as at April 1, 2018	Changes in equity share capital during the period	Balance as at December 31, 2018
800.00	-	800.00

(In ₹ Million)

Balance as at April 1, 2017	Changes in equity share capital during the period	Balance as at December 31, 2017
800.00	-	800.00

(In ₹ Million)

Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
800.00	-	800.00

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Persistent Systems Ltd. Pune

Deloitte Haskins & Sells LLP Chartered Accountants

Persistent Systems Limited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS ENDED DECEMBER 31, 2018

B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus					Items of other comprehensive income		Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Gain on bargain purchase	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2018	1,336.70	9,306.27	90.52	26.39	9,544.13	16.63	151.35	20,471.99
Net profit for the period	-	-	-	-	2,672.06	-	-	2,672.06
Other comprehensive income for the period	-	-	-	-	(59.34)	52.86	172.24	165.76
Dividend	-	-	-	-	(240.00)	-	-	(240.00)
Tax on dividend	-	-	-	-	(20.18)	-	-	(20.18)
Adjustments towards employees stock options	-	10.64	(10.64)	-	-	-	-	-
Addition on business combination (refer note 35)	-	-	-	0.25	-	-	-	0.25
Other changes during the period	-	(4.97)	-	30.46	-	-	-	25.49
Balance as at December 31, 2018	**1,336.70**	**9,311.94**	**79.88**	**57.10**	**11,896.67**	**69.49**	**323.59**	**23,075.37**

(In ₹ Million)

Particulars	Reserves and surplus					Items of other comprehensive income		Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Gain on bargain purchase	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2017	1,336.70	7,837.40	187.12	24.25	8,525.07	208.44	73.65	18,192.63
Net profit for the period	-	-	-	-	2,493.82	-	-	2,493.82
Other comprehensive income for the period	-	-	-	-	68.25	(131.70)	(18.95)	(82.40)
Dividend	-	-	-	-	(240.00)	-	-	(240.00)
Tax on dividend	-	-	-	-	(50.77)	-	-	(50.77)
Employee stock compensation expenses	-	-	3.80	-	-	-	-	3.80
Adjustments towards employees stock options	-	50.32	(50.32)	-	-	-	-	-
Other changes during the period	-	-	-	(5.85)	-	-	-	(5.85)
Balance as at December 31, 2017	**1,336.70**	**7,887.72**	**140.60**	**18.40**	**10,796.37**	**76.74**	**54.70**	**20,311.23**

(In ₹ Million)

Particulars	Reserves and surplus					Items of other comprehensive income		Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Gain on bargain purchase	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2017	1,336.70	7,837.40	187.12	24.25	8,525.07	208.44	73.65	18,192.63
Net profit for the year	-	-	-	-	3,230.88	-	-	3,230.88
Other comprehensive income for the year	-	-	-	-	106.88	(191.81)	77.70	(7.23)
Dividend	-	-	-	-	(800.00)	-	-	(800.00)
Tax on dividend	-	-	-	-	(150.23)	-	-	(150.23)
Transfer to general reserve	-	1,368.47	-	-	(1,368.47)	-	-	-
Employee stock compensation expenses	-	-	3.80	-	-	-	-	3.80
Adjustments towards employees stock options	-	100.40	(100.40)	-	-	-	-	-
Other changes during the year	-	-	-	2.14	-	-	-	2.14
Balance at March 31, 2018	**1,336.70**	**9,306.27**	**90.52**	**26.39**	**9,544.13**	**16.63**	**151.35**	**20,471.99**

Summary of significant accounting policies - Refer note 4

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

As per our report of even date

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

Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date: January 28, 2019

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

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date: January 28, 2019

Persistent Systems Ltd * Pune *

Notes forming part of condensed consolidated financial statements

1. Nature of operations

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

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

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

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

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

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

Akshat Corporation (d.b.a. RGen Solutions) based in USA, is a wholly owned subsidiary of Persistent Systems Inc. Akshat Corporation has been dissolved with effect from December 21, 2018. Persistent Systems Inc, its holding company, took over all the assets and liabilities of Akshat Corporation on the date of dissolution.

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

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

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

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

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

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

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

Persistent Systems Germany GmbH (wholly owned subsidiary of Persistent Systems Limited) operates as the holding Company of PARX Werk AG.

PARX Werk AG (a Switzerland based wholly owned subsidiary of Persistent Systems Germany GmbH) is engaged in the business of software products, services and technology innovation in the digital practice.

PARX Consulting GmbH (a Germany based wholly owned subsidiary of PARX Werk AG) is engaged in the business of software products, services and technology innovation in the digital practice.

Herald Technologies Inc. (HTI), based in the USA a wholly owned subsidiary of Persistent Systems Inc., is working on implementation of platforms and related IT services for the healthcare industry.

Persistent Systems Ltd. Pune

2. **Basis of preparation**

The financial statements of the Group have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments, equity settled employee stock options and initial recognition of assets acquired under business combinations which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The accounting policies are consistently applied by the Group except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Statement of compliance:

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

3. **Principles of consolidation**

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the quarter and nine months ended December 31, 2018 are prepared in accordance with generally accepted accounting principles applicable in India, and the Indian Accounting Standard 110 (Ind AS 110) on 'Consolidated Financial Statements', notified by Companies (Accounting Standards) Rules, 2015, ("Indian Accounting Standards") by and to the extent possible in the same format as that adopted by the Company for its separate financial statements.

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

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

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

The excess of the cost to the Company of its investment in a subsidiary and the Company's portion of equity of subsidiary on the date at which investment in the subsidiary is made, is described as goodwill and recognized separately as an asset in the consolidated financial statements. The excess of the Company's portion of equity of the subsidiary over the cost of investment in the subsidiary is treated as gain on bargain purchase in the consolidated financial statements. Goodwill is tested for impairment on a periodic basis and written off if found impaired.

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

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

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Persistent Systems Ltd. Pune

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

Name of the subsidiary	Ownership Percentage as at			Country of incorporation
	December 31, 2018	December 31, 2017	March 31, 2018	
Persistent Systems, Inc.	100%	100%	100%	USA
Persistent Systems Pte Ltd.	100%	100%	100%	Singapore
Persistent Systems France SAS	100%	100%	100%	France
Persistent Telecom Solutions Inc.	100%	100%	100%	USA
Persistent Systems Malaysia Sdn. Bhd.	100%	100%	100%	Malaysia
Akshat Corporation (d.b.a. RGen Solutions) (Dissolved with effect from December 21, 2018) *	-	100%	100%	USA
Aepona Holdings Limited	100%	100%	100%	Ireland
Aepona Group Limited	100%	100%	100%	Ireland
Aepona Limited	100%	100%	100%	UK
Valista Limited	100%	100%	100%	Ireland
Persistent Systems Lanka (Private) Limited	100%	100%	100%	Sri Lanka
Persistent Systems Mexico, S.A. de C.V.	100%	100%	100%	Mexico
Persistent Systems Israel Ltd.	100%	100%	100%	Israel
Persistent Systems Germany GmbH	100%	100%	100%	Germany
PARX Werk AG	100%	100%	100%	Switzerland
PARX Consulting GmbH	100%	100%	100%	Germany
Herald Technologies Inc**	100%	-	-	USA

* Refer note 32.
** Refer note 35.

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Persistent Systems Ltd. Pune

4. **Summary of significant accounting policies**

(a) Use of estimates

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

Critical accounting estimates

i. Revenue recognition

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

ii. Income taxes

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

iii. Intangible assets and contingent consideration in business combinations

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

iv. Property, plant and equipment

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

v. Impairment of Goodwill

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

vi. Provisions

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

vii. Internally generated Intangible assets

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

Persistent Systems Ltd. Pune

(b) Property, Plant and Equipment

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

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

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

(c) Intangible assets

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

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

Research and development cost

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

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

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

(d) Business combinations

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

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

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

(e) Goodwill/ Gain on bargain purchase

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

Persistent Systems Ltd. Pune

(f) Depreciation and amortization

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

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

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

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

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

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

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

(g) Financial instruments

i) Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial assets at amortized cost**

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

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

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

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

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

Persistent Systems Ltd. Pune

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

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

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

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

Derecognition

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

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

ii) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial liabilities at amortized cost**

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

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

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

Derecognition

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

Persistent Systems Ltd.
Pune

(h) **Impairment**

i) **Financial assets**

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

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

ii) **Non-financial assets**

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

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

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

(i) **Borrowing costs**

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

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

(j) **Leases**

Where the Group is a lessee

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

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

(k) **Revenue recognition**

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

(i) **Income from sale of software services and products**

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

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

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

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

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

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

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

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

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

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

(ii) Interest

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

(iii) Dividend

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

(l) Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets while grants related to expenses are deducted in reporting the related expenses in the income statement.

(m) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

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

Conversion

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

Exchange differences

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

Persistent Systems Ltd. Pune

Translation of foreign operations

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

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

(n) Retirement and other employee benefits

(i) Provident fund

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

(ii) Gratuity

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

(iii) Superannuation

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

(iv) Leave encashment

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

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

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

(v) Long service awards

Long service awards are other long term benefits to all eligible employees, as per Group's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

(o) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

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

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

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

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

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

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

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

(p) Segment reporting

(i) Identification of segment

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

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

(ii) Allocation of income and direct expenses

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

(iii) Unallocated items

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

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

(iv) Inter-segment transfers

There are no inter-segments transactions.

(v) Segment accounting policies

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

Persistent Systems Ltd. Pune

(q) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period / year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Group.

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

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

(r) Provisions

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

(s) 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.

(t) 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.

(u) Employee stock compensation expenses

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

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

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

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

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Persistent Systems Ltd. Pune

5. Share capital

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Authorized shares (No. in million)			
200 (Previous period /Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00	2,000.00
	2,000.00	**2,000.00**	**2,000.00**
Issued, subscribed and fully paid-up shares (No. in million)			
80 (Previous period /Previous year: 80) equity shares of ₹ 10 each	800.00	800.00	800.00
Issued, subscribed and fully paid-up share capital	**800.00**	**800.00**	**800.00**

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

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

(In Million)

	As at December 31, 2018		As at December 31, 2017		As at March 31, 2018	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the period/ year	80.00	800.00	80.00	800.00	80.00	800.00
Number of shares at the end of the period/ year	**80.00**	**800.00**	**80.00**	**800.00**	**80.00**	**800.00**

b) Terms / rights attached to equity shares

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

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

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

	For the period of five years ended December 31, 2018 No in Million	For the period of five years ended December 31, 2017 No in Million	For the period of five years ended March 31, 2018 No in Million
Equity shares allotted on March 12, 2015 as fully paid bonus shares by capitalization of securities premium ₹ 400.00 million	40.00	40.00	40.00

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Persistent Systems Ltd. Pune

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

Name of the shareholder*	As at December 31, 2018		As at December 31, 2017		As at March 31, 2018	
	No. in Million	% Holding	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.95	28.69	22.93	28.66	22.93	28.66
Saif Advisors Mauritius Limited	1.30	1.62	4.27	5.33	3.70	4.62

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

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Persistent Systems Ltd. Pune

6.1 Property, Plant and Equipment

(In ₹ Million)

	Land - Freehold	Buildings*	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2018	221.03	2,450.18	2,392.46	86.63	1,408.62	94.84	665.41	4.73	7,323.90
Additions	-	0.07	148.23	3.38	14.79	-	7.58	4.66	178.71
Additions through business combination (refer note 35)	-	-	0.08	-	-	-	0.03	-	0.11
Disposals	-	-	39.01	2.49	19.64	-	0.47	0.95	62.56
Effect of foreign currency translation from functional currency to reporting currency	(0.14)	(0.64)	9.69	2.29	(0.36)	(1.62)	7.50	0.03	16.75
As at December 31, 2018	**220.89**	**2,449.61**	**2,511.45**	**89.81**	**1,403.41**	**93.22**	**680.05**	**8.47**	**7,456.91**
Depreciation and Impairment									
As at April 1, 2018	-	885.26	2,078.80	62.14	1,097.81	69.78	544.39	4.42	4,742.60
Charge for the period	-	74.44	163.81	7.31	67.43	5.88	38.97	0.57	358.41
Additions through business combination (refer note 35)	-	-	0.02	-	-	-	0.01	-	0.03
Disposals	-	-	38.88	2.20	19.64	-	0.47	0.95	62.14
Effect of foreign currency translation from functional currency to reporting currency	-	(0.20)	6.98	1.01	(0.28)	(1.66)	3.88	0.01	9.74
As at December 31, 2018	-	**959.50**	**2,210.73**	**68.26**	**1,145.32**	**74.00**	**586.78**	**4.05**	**5,048.64**
Net block									
As at December 31, 2018	**220.89**	**1,490.11**	**300.72**	**21.55**	**258.09**	**19.22**	**93.27**	**4.42**	**2,408.27**
As at March 31, 2018	**221.03**	**1,564.92**	**313.66**	**24.49**	**310.81**	**25.06**	**121.02**	**0.31**	**2,581.30**

(In ₹ Million)

	Land - Freehold	Buildings*	Computers	Office equipments	Plant and Equipment	Leasehold Improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2017	219.02	2,420.77	2,233.17	76.43	1,373.11	86.38	622.64	4.73	7,036.25
Additions	-	12.10	134.88	9.79	29.45	1.66	20.77	-	208.65
Additions through business combination	-	-	3.61	4.27	-	-	6.92	-	14.80
Disposals	-	-	74.85	0.85	5.66	-	-	-	81.36
Effect of foreign currency translation from functional currency to reporting currency	1.25	5.58	13.32	(0.39)	0.46	1.70	(0.89)	-	21.03
As at December 31, 2017	**220.27**	**2,438.45**	**2,310.13**	**89.25**	**1,397.36**	**89.74**	**649.44**	**4.73**	**7,199.37**
Depreciation and Impairment									
As at April 1, 2017	-	784.92	1,863.38	52.41	1,026.57	55.86	480.54	4.21	4,267.89
Charge for the period	-	73.86	190.07	7.57	70.95	5.64	38.91	0.16	387.16
Additions through business combination	-	-	0.15	0.14	-	-	0.26	-	0.55
Disposals	-	-	74.68	0.74	5.66	-	-	-	81.08
Effect of foreign currency translation from functional currency to reporting currency	-	1.32	14.27	(0.15)	0.36	2.74	0.32	-	18.86
As at December 31, 2017	-	**860.10**	**1,993.19**	**59.23**	**1,092.22**	**64.24**	**520.03**	**4.37**	**4,593.38**
Net block									
As at December 31, 2017	**220.27**	**1,578.35**	**316.94**	**30.02**	**305.14**	**25.50**	**129.41**	**0.36**	**2,605.99**

* Note: Building includes those constructed on leasehold land
a) Gross block as on December 31, 2018 ₹ 1,454.10 million (Corresponding period ₹ 1,445.80 million/ Previous year ₹ 1,454.10 million)
b) Depreciation charge for the period ₹ 44.41 million (Corresponding period ₹ 43.98 million / Previous year ₹ 58.45 million)
c) Accumulated depreciation as on December 31, 2018 ₹ 425.46 million (Corresponding period ₹ 366.58 million / Previous year ₹ 381.05 million)
d) Net book value as on December 31, 2018 ₹ 1,028.64 million (Corresponding period ₹ 1,079.22 million / Previous year ₹ 1,073.05 million)

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Persistent Systems Ltd. * Pune *

6.1 Property, Plant and Equipment

(In ₹ Million)

	Land - Freehold	Buildings	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2017	219.02	2,420.77	2,233.17	76.43	1,373.11	86.38	622.64	4.73	7,036.25
Additions	-	20.40	189.10	9.97	57.89	1.73	26.66	-	305.75
Additions through business combination	-	-	16.83	1.01	3.15	-	13.20	-	34.19
Disposals	-	-	90.67	1.05	27.00	-	0.58	-	119.30
Effect of foreign currency translation from functional currency to reporting currency	2.01	9.01	44.03	0.27	1.47	6.73	3.49	-	67.01
As at March 31, 2018	221.03	2,450.18	2,392.46	86.63	1,408.62	94.84	665.41	4.73	7,323.90
Depreciation and impairment									
As at April 1, 2017	-	784.92	1,863.38	52.41	1,026.57	55.86	480.54	4.21	4,267.89
Charge for the year	-	98.12	254.08	10.09	94.63	7.85	55.95	0.21	520.93
Additions through business combination	-	-	9.95	0.44	2.28	-	5.94	-	18.61
Disposals	-	-	90.41	0.94	26.64	-	0.59	-	118.58
Effect of foreign currency translation from functional currency to reporting currency	-	2.22	41.80	0.14	0.97	6.07	2.55	-	53.75
As at March 31, 2018	-	885.26	2,078.80	62.14	1,097.81	69.78	544.39	4.42	4,742.60
Net block									
As at March 31, 2018	221.03	1,564.92	313.66	24.49	310.81	25.06	121.02	0.31	2,581.30

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Persistent Systems Ltd. ★ Pune ★

Persistent Systems Limited
Notes forming part of condensed consolidated financial statements

6.2. Goodwill

(In ₹ Million)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Cost			
Balance at beginning of period / year	76.61	76.23	76.23
Additional amounts recognised from business combinations occurring during the period/year	-	0.77	0.77
Effect of foreign currency exchange differences	5.40	(1.80)	(0.39)
Balance at end of period / year	**82.01**	**75.20**	**76.61**

6.3. Other Intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2018	2,422.24	3,983.87	6,406.11
Additions	44.17	39.61	83.78
Effect of foreign currency translation from functional currency to reporting currency	105.65	261.28	366.93
As at December 31, 2018	**2,572.06**	**4,284.76**	**6,856.82**
Amortization and impairment			
As at April 1, 2018	2,076.02	1,866.55	3,942.57
Charge for the period	199.24	638.06	837.30
Effect of foreign currency translation from functional currency to reporting currency	93.18	115.99	209.17
As at December 31, 2018	**2,368.44**	**2,620.60**	**4,989.04**
Net block			
As at December 31, 2018	**203.62**	**1,664.16**	**1,867.78**
As at March 31, 2018	**346.22**	**2,117.32**	**2,463.54**

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2017	2,385.43	2,980.69	5,366.12
Additions	15.35	476.12	491.47
Additions through business combination	-	466.98	466.98
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(18.76)	(30.64)	(49.40)
As at December 31, 2017	**2,382.02**	**3,893.15**	**6,275.17**
Amortization and impairment			
As at April 1, 2017	1,724.63	1,126.44	2,851.07
Charge for the period	258.94	517.88	776.82
Effect of foreign currency translation from functional currency to reporting currency	(14.11)	(6.69)	(20.80)
As at December 31, 2017	**1,969.46**	**1,637.63**	**3,607.09**
Net block			
As at December 31, 2017	**412.56**	**2,255.52**	**2,668.08**

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2017	2,385.43	2,980.69	5,366.12
Additions	20.11	493.75	513.86
Additions through business combination	-	489.16	489.16
Effect of foreign currency translation from functional currency to reporting currency	16.70	20.27	36.97
As at March 31, 2018	**2,422.24**	**3,983.87**	**6,406.11**
Amortization and impairment			
As at April 1, 2017	1,724.63	1,126.44	2,851.07
Charge for the year	334.64	729.30	1,063.94
Effect of foreign currency translation from functional currency to reporting currency	16.75	10.81	27.56
As at March 31, 2018	**2,076.02**	**1,866.55**	**3,942.57**
Net block			
As at March 31, 2018	**346.22**	**2,117.32**	**2,463.54**
As at March 31, 2017	**660.80**	**1,854.25**	**2,515.05**

6.4. Depreciation and amortization

(In ₹ Million)

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
On Property, Plant and Equipment	115.83	124.37	358.41	387.16	520.93
On other intangible assets	280.49	268.26	837.30	776.82	1,063.94
	396.32	392.63	1,195.71	1,163.98	1,584.87

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Persistent Systems Ltd. Pune

Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

7. Non-current financial assets - Investments (refer note 30)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Investments carried under equity accounting method			
Unquoted investments			
Investments in equity instruments			
In associates			
Klisma e-Services 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 : Impairment of non-current unquoted investments	(0.05)	(0.05)	(0.05)
	-	-	-
Total investments carried equity accounting method (A)	-	-	-
Investments carried at amortised cost			
Quoted investments			
In bonds	1,971.37	1,012.78	1,112.47
[Market value ₹ 2,009.01 million (Corresponding period ₹ 1,054.09 million/ Previous year ₹ 1,139.71 million)]			
Add: Interest accrued on bonds	74.04	37.17	33.64
Total investments carried at amortised cost (B)	2,045.41	1,049.95	1,146.11
Designated as fair value through profit and loss			
Quoted investments			
- Investments in mutual funds			
Fair value of long term mutual funds (Refer Note 7a)	1,646.79	1,373.36	1,657.49
	1,646.79	1,373.36	1,657.49
Unquoted investments			
- Others*			
Ciqual 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	13.68	12.90	13.49
Less : Impairment of non-current unquoted investments	(13.68)	(12.90)	(13.49)
	-	-	-
Altizon Systems Private Limited	6.00	6.00	6.00
3,766 equity shares (Corresponding period / Previous year 3,766 equity shares) of ₹ 10 each, fully paid up			
	6.00	6.00	6.00
- Investments in preferred stock			
Hygenx Inc	13.95	12.80	13.03
0.25 million (Corresponding period / Previous year 0.25 million) Preferred stock of $ 0.001 each, fully paid up			
Less : Impairment of non-current unquoted investments	(13.95)	(12.80)	(13.03)
	-	-	-
OpsDataStore Inc	13.95	12.80	13.03
0.20 million (Corresponding period / Previous year 0.20 million) Preferred stock of $ 0.001 each, fully paid up			
Less : Impairment of non-current unquoted investments	(13.95)	-	-
	-	12.80	13.03
Trunomi Inc	17.44	15.99	16.29
0.28 million (Corresponding period / Previous year 0.28 million) Preferred stock of $ 0.002 each, fully paid up			
Jocata Corporation	17.44	15.99	16.29
0.006 million (Corresponding period / Previous year 0.006 million) Preferred stock of $ 0.001 each, fully paid up			
Ampool Inc.	17.44	15.99	16.29
0.55 million (Corresponding period / Previous year 0.55 million) Preferred stock of $ 0.4583 each, fully paid up			
Cazena Inc.	139.54	-	-
0.35 million (Corresponding period / Previous year Nil) Preferred stock of $ 0.0001 each, fully paid up			
	191.86	60.77	61.90
- Investments in Convertible Notes			
DxNow	8.72	8.00	8.15
1 (Corresponding period / Previous year 1) convertible note of USD 125,000 each, fully paid up			
Less : Impairment of non-current unquoted investments	(8.72)	(8.00)	(8.15)
	-	-	-
Ustymo	17.44	15.99	16.29
1 (Corresponding period / Previous year 1) convertible note of USD 250,000 each, fully paid up			
Less : Impairment of non-current unquoted investments	(17.44)	(15.99)	(16.29)
	-	-	-
Akumina Inc	10.22	9.37	9.54
1 (Corresponding period / Previous year 1) convertible note of USD 146,429 each, fully paid up			
	10.22	9.37	9.54
Total investments carried at Fair Value (C)	1,844.87	1,449.50	1,734.93
Total investments (A) + (B) + (C)	3,890.28	2,499.45	2,881.04
Aggregate amount of impairment in value of investments	67.99	49.80	51.01
Aggregate amount of quoted investments	3,692.20	2,423.31	2,803.60
Aggregate amount of unquoted investments	276.07	125.94	128.45

* 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"

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Persistent Systems Ltd. Pune

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

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
ICICI Prudential Mutual Fund	534.72	594.49	664.16
Kotak Mutual Fund	286.82	180.31	214.02
HDFC Mutual Fund	200.85	158.38	191.64
Aditya Birla Sun Life Mutual Fund	186.42	105.35	157.98
UTI Mutual Fund	155.83	57.98	89.43
Axis Mutual Fund	100.00	-	-
SBI Mutual Fund	63.25	116.39	177.65
Reliance Mutual Fund	56.61	52.84	53.81
DHFL Pramerica Mutual Fund	31.18	-	-
DSP Mutual Fund	31.11	-	-
IDFC Mutual Fund	-	107.62	108.80
	1,646.79	1,373.36	1,657.49

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Persistent Systems Ltd. * Pune *

8. Non-current financial assets : Loans (refer note 30)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Carried at amortised cost			
Security deposits			
Unsecured, considered good	140.81	133.03	138.49
Unsecured, considered doubtful	-	2.19	2.19
	140.81	**135.22**	**140.68**
Less: Impairment of non-current loans	-	(2.19)	(2.19)
	140.81	**133.03**	**138.49**
Loan to others (Unsecured, considered good)			
Loans	17.70	-	4.24
	17.70	**-**	**4.24**
Other loans and advances			
Inter corporate deposits			
Unsecured, considered good	-	0.03	-
Unsecured, considered doubtful	0.58	0.58	0.58
	0.58	**0.61**	**0.58**
Less: Impairment of non-current loans	(0.58)	(0.58)	(0.58)
	-	**0.03**	-
	158.51	**133.06**	**142.73**

9. Other non current financial assets

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Non-current bank balances (Refer note 15)	24.99	1.53	1.53
Add: Interest accrued but not due on non-current bank deposits	4.79	0.18	0.21
Non-current deposits with banks (Carried at amortised cost)	**29.78**	**1.71**	**1.74**
Deposits with financial institutions	-	300.00	35.00
Add: Interest accrued but not due on deposit with financial institutions	-	21.92	0.69
Non-current deposits with financial institutions (Carried at amortised cost)	-	**321.92**	**35.69**
	29.78	**323.63**	**37.43**

10. Deferred tax asset/ liability (net) *

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Deferred tax liabilities			
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets	235.41	131.15	246.10
Capital gains	75.28	98.94	108.63
Others	5.06	40.61	11.52
	315.75	**270.70**	**366.25**
Deferred tax assets			
Provision for leave encashment	140.17	122.46	120.36
Provision for long service awards	101.08	98.10	96.93
Provision for doubtful debts	38.41	85.03	41.81
Provision for gratuity	2.13	-	-
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets (overseas)	80.02	1.17	117.12
Brought forward and current period / year losses	64.83	74.90	41.12
Tax credits	266.09	154.24	281.37
Others	27.16	64.67	39.12
	718.89	**600.57**	**737.65**
Deferred tax liabilities after set off	**315.75**	-	**270.41**
Deferred tax assets after set off	**719.89**	**329.87**	**642.01**

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

11. Other non-current assets

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Capital advances (Unsecured, considered good)	-	7.82	27.00
Advances recoverable in cash or kind or for value to be received	74.68	54.68	64.57
	74.68	**62.50**	**91.57**

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Persistent Systems Ltd. Pune

12. Current financial assets : Investments

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Designated as fair value through profit and loss			
- Quoted investments			
Investments in mutual funds			
Fair value of current mutual funds (Refer Note 12a)	7,352.25	5,532.19	5,916.31
	7,352.25	**5,532.19**	**5,916.31**
Total carrying amount of investments	**7,352.25**	**5,532.19**	**5,916.31**
Aggregate amount of quoted investments	**7,352.25**	**5,532.19**	**5,916.31**
Aggregate amount of unquoted investments	-	-	-

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

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
UTI Mutual Fund	1,133.60	712.37	823.08
Aditya Birla Sun Life Mutual Fund	1,074.98	888.59	845.88
L&T Mutual Fund	1,004.83	725.37	749.22
Axis Mutual Fund	894.64	494.64	743.70
ICICI Prudential Mutual Fund	795.56	220.41	275.33
Tata Mutual Fund	704.22	691.56	817.81
DSP Mutual Fund	475.05	-	50.39
HDFC Mutual Fund	439.11	509.56	174.66
SBI Mutual Fund	338.53	-	50.24
Sundaram Mutual Fund	237.93	-	104.15
Kotak Mutual Fund	230.67	163.79	300.42
IDFC Mutual Fund	23.13	463.50	349.34
DHFL Pramerica Mutual Fund	-	366.45	441.64
Reliance Mutual Fund	-	295.95	190.45
	7,352.25	**5,532.19**	**5,916.31**

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Persistent Systems Ltd. Pune

13. Trade receivables (refer note 30)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good	3.49	11.41	23.12
Unsecured, considered doubtful	130.30	273.85	146.97
	133.79	285.26	170.09
Less : Allowance for credit loss	(130.30)	(273.85)	(146.97)
	3.49	11.41	23.12
Others			
Unsecured, considered good	4,723.17	4,993.66	4,824.28
Unsecured, considered doubtful	-	-	-
	4,723.17	4,993.66	4,824.28
Less : Allowance for credit loss	-	-	-
	4,723.17	4,993.66	4,824.28
	4,726.66	5005.07	4,847.40

14. Cash and cash equivalents (refer note 30)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Cash and cash equivalents as presented in cash flow statement			
Cash in hand	0.25	0.32	0 23
Cheques on hand	26 97	-	-
Balances with banks			
On current accounts *	1,073.50	1,585.31	1,196 91
On saving accounts	8 07	0.60	0.75
On Exchange Earner's Foreign Currency accounts	323.55	195 29	145.83
	1,432.34	1,781.52	1,343.72

*Out of the cash and cash equivalent balance as at December 31. 2018, the Group can utilise ₹ 2.98 million only towards research and development activities specified in the loan / grant agreement There were no such restrictions for utilisation of the cash and cash equivalent balance as at December 31, 2017 and March 31. 2018

15. Other bank balances (refer note 30)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Short term bank deposits*	1,652 21	-	-
On deposit account with original maturity more than twelve months *	178.34	575.12	940.47
Add: Interest accrued but not due on deposits with banks	21.59	119.19	130.11
Deposits with banks (Carried at amortised cost)	1,852.14	694.31	1,070.68
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (refer note 9)	(24.99)	(1 53)	(1.53)
Less: Interest accrued but not due on non-current deposits with banks (refer note 9)	(4 79)	(0.18)	(0.21)
	1,822.36	692.60	1,068.84
Balances with banks On unpaid dividend accounts**	2.11	1 48	1.41
	1,824.47	694.08	1,070.25

* Out of the balance, fixed deposits of ₹ 86 65 million (Corresponding period : ₹ 62.56 million / Previous year : ₹ 63 78 million) have been earmarked against bank guarantees availed by the Group

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

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Persistent Systems Ltd.
Pune

Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

16. Current financial assets : Loans (refer note 30)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Carried at amortised cost			
Loan to related parties (Unsecured, considered doubtful)			
Klisma e-Services Private Limited	27.43	27.43	27.43
	27.43	27.43	27.43
Less: Impairment of current loans	(27.43)	(27.43)	(27.43)
	-	-	-
Security deposits			
Unsecured, considered good	11.14	8.24	6.63
	11.14	8.24	6.63
	11.14	12.40	6.63

17. Other current financial assets (refer note 30)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Fair value of derivatives designated and effective as hedging instruments			
Forward contracts receivable	49.55	163.33	42.75
Advances to suppliers			
Unsecured, considered doubtful	0.81	0.81	0.81
Less: Impairment of current financial assets	(0.81)	(0.81)	(0.81)
	-	-	-
Deposit with financial institutions (refer note 38)	780.00	540.35	995.35
Add: Interest accrued but not due on deposit with financial institutions	18.77	6.56	20.65
Deposits with financial institutions (Carried at amortised cost)	798.77	546.91	1,016.00
SEIS Incentive receivable	-	44.13	-
Unbilled revenue	2,148.21	2,044.83	1,699.50
	2,996.53	2,799.20	2,758.25

18. Other current assets

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Advances to suppliers (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	460.28	422.96	561.68
Other advances (Unsecured, considered good)			
VAT receivable (net)	29.84	47.29	74.42
Service tax and GST receivable (net) (Refer note 36)	973.56	833.33	927.31
	1,003.40	880.62	1,001.73
	1,463.68	1,303.58	1,563.41

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Chartered Accountants

Persistent Systems Ltd. * Pune *

19. Non-current financial liabilities : Borrowings (refer note 30)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Unsecured Borrowings carried at amortised cost			
Term loans			
Indian rupee loan from others	17.91	22.49	21.13
Interest accrued but not due on term loans	0.12	0.87	0.78
	18.03	23.36	21.91
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (Refer note 22)	(4.58)	(4.58)	(4.58)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (Refer note 22)	(0.12)	(0.87)	(0.78)
	(4.70)	(5.45)	(5.36)
	13.33	17.91	16.55

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

Loan I - amounting to ₹ 6.82 million (Corresponding period ₹ 9.55 million/ Previous year ₹ 8.19 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 ₹ 11.09 million (Corresponding period ₹ 12.94 million/ Previous year ₹ 12.94 million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from September 2015

20. Non current liabilities : Provisions

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Provision for employee benefits			
- Gratuity	14.52	17.07	16.38
- Long service awards	153.95	141.85	143.37
	168.47	158.92	159.75

21. Trade payables (refer note 30)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Trade payables for goods and services	1,645.25	1,506.38	1,673.08
	1,645.25	1,506.38	1,673.08

22. Other current financial liabilities (refer note 30)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Capital creditors	50.78	23.39	32.36
Current maturity of long-term borrowings (refer note 19)	4.58	4.58	4.58
Current maturity of interest on long-term borrowings (refer note 19)	0.12	0.87	0.78
Accrued employee liabilities	371.27	436.19	357.02
Unpaid dividend*	2.11	1.48	1.41
Other liabilities	0.46	0.42	0.18
	429.32	466.93	396.33

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

23.Other current liabilities

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Unearned revenue	1,034.08	926.14	921.10
Advance from customers	25.28	25.83	25.38
Other payables			
- Statutory liabilities	263.90	262.61	251.49
- Other liabilities*	12.55	4.72	3.05
	1,335.81	1,219.30	1,201.02

* Includes grant of ₹ 4.50 million received during the nine months ended December 31, 2018, from Biotechnology Industry Research Assistance Council (BIRAC) pursuant to an agreement dated March 12, 2018. The amount together with additional grants to be received over 3 years from BIRAC and Group's share as prescribed in the agreement is to be spent as per the said agreement

24. Current liabilities : Provisions

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Provision for employee benefits			
- Gratuity	84.50	(18.35)	(44.77)
- Leave encashment	536.72	459.95	468.73
- Long service awards	15.80	23.88	22.31
- Other employee benefits	1,080.31	985.40	1,153.22
	1,717.33	1,450.88	1,599.49

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Persistent Systems Ltd. * Pune *

25. Revenue from operations (net)

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Software services	8,473.38	7,196.49	24,240.52	21,608.01	29,440.60
Software licenses	169.11	722.41	1,100.35	1,203.56	896.43
	8,642.49	7,918.90	25,340.87	22,811.57	30,337.03

26. Other income

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Interest income					
On financial assets carried at amortised cost	26.10	12.13	46.45	35.24	47.87
On others	30.58	29.17	142.81	77.24	113.67
Foreign exchange gain (net)	-	49.63	-	436.77	586.31
Profit on sale of fixed assets (net)	1.01	0.74	2.52	1.87	2.40
Dividend income from investments	54.32	41.85	138.20	129.23	171.25
Profit on sale of investments (net)	74.95	45.07	288.52	174.60	186.84
Net gain/(loss) arising on financial assets designated as at FVTPL	27.76	(57.42)	(87.93)	(72.54)	(18.92)
Excess provision in respect of earlier period / years written back	1.84	4.54	21.91	4.33	18.19
Advances written back	-	0.01	-	23.76	23.76
Miscellaneous income	13.37	67.04	40.11	86.51	59.64
	229.93	192.76	592.59	897.01	1,191.01

27. Personnel expenses

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
27.1 Employee benefits expense					
Salaries, wages and bonus	4,606.19	4,474.76	13,466.44	13,009.82	17,190.37
Contribution to provident and other funds	97.30	101.75	283.88	280.46	346.56
Gratuity expenses	37.93	47.49	117.61	129.58	167.78
Defined contribution to other funds	52.34	46.71	155.26	86.30	158.08
Staff welfare and benefits	115.57	116.47	366.87	321.85	449.87
Employee stock compensation expenses	-	-	-	3.80	3.80
	4,909.33	4,787.18	14,390.06	13,831.81	18,316.46
27.2 Cost of professionals	905.89	775.55	2,627.62	2,313.95	3,180.63
	5,815.22	5,562.73	17,017.68	16,145.76	21,497.09

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28. Other expenses

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	203 28	193.15	709.05	641.65	867.92
Electricity expenses (net)	30 95	30 04	88.98	81.17	104.49
Internet link expenses	9.59	16.66	49.09	47.91	66.46
Communication expenses	21 60	23 40	74 74	94 84	119.86
Recruitment expenses	29.19	17.07	70.39	66.50	83.43
Training and seminars	6.96	7.86	19.98	15.14	24.25
Royalty expenses	11 26	16 39	39.49	50.75	60.46
Purchase of software licenses and support expenses	306.92	195 65	1,168 63	690.21	933.39
Bad debts	0.76	(0.94)	71 04	39.28	183.97
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	16.12	6.17	(10.22)	(16.75)	(151 38)
Rent	115 82	115 57	353 29	341.99	448.52
Insurance	6.19	4 65	17 45	18.10	24.05
Rates and taxes	20 79	23 88	50.43	90.16	115.42
Legal and professional fees	135.35	127 61	455.07	344.69	500.35
Repairs and maintenance					
- Plant and Machinery	30.16	34 63	88 84	90.74	116 18
- Buildings	5.41	6 35	23.25	19.50	27.89
- Others	3 39	7 09	14.60	16.66	20 77
Selling and marketing expenses	(1.38)	5.27	27.43	27.62	36 09
Advertisement, conference and sponsorship fees	33.43	16 38	78 19	52.79	116 51
Discount allowed	21.90	13.10	61.66	37.62	11 78
Computer consumables	2 32	2.82	6.15	5.02	7.67
Auditors' remuneration	4.18	5.49	12.17	12.43	14 62
Donations	20 98	18.21	57 67	56.40	78 10
Books, memberships, subscriptions	22 79	19.90	61.97	54.27	73.27
Foreign exchange loss (net)	240.90	-	184.60	-	-
Directors' sitting fees	1 15	0.67	3.75	2.92	3.90
Directors' commission	3.61	2.40	10 62	6 77	9.74
Impairment of non current investments	13.94	12.92	13.94	29.02	26 96
Miscellaneous expenses	47.44	58.61	165.55	171 85	228 01
	1,365.00	981.00	3,967.80	3,089.25	4,152.68

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29. Earnings per share

		For the quarter ended		For the nine months ended		For the year ended
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
Numerator for Basic and Diluted EPS						
Net Profit after tax (In ₹ Million)	(A)	917.17	916 70	2,672 06	2,493.82	3,230.88
Denominator for Basic EPS						
Weighted average number of equity shares	(B)	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Denominator for Diluted EPS						
Number of equity shares	(C)	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	**11.46**	**11.46**	**33.40**	**31.17**	**40.39**
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	**11.46**	**11.46**	**33.40**	**31.17**	**40.39**

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
Number of shares considered as basic weighted average shares outstanding for calculating basic EPS	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Number of shares considered as weighted average shares and potential shares outstanding for calculating Diluted EPS	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000

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30. Financial assets and liabilities

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

(In ₹ million)

Financial assets/ financial liabilities	Basis of measurement	As at December 31, 2018		As at December 31, 2017		As at March 31, 2018		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	
Assets:								
Investments in associates	Equity accounting	-	-	-	-	-	-	
Investments in equity instruments, preferred stock and convertible notes	Fair value	208.08	208.08	76.14	76.14	77.44	77.44	Level 3
Investments in bonds*	Amortised cost	2,045.41	2,009.01	1,049.95	1,054.09	1,146.11	1,139.71	
Investments in mutual funds	Fair value	8,999.04	8,999.04	6,905.55	6,905.55	7,573.80	7,573.80	Level 1
Loans	Amortised cost	169.65	169.65	145.46	145.46	149.36	149.36	
Deposit with banks and financial institutions	Amortised cost	2,650.91	2,650.91	1,563.14	1,563.14	2,122.27	2,122.27	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	1,434.45	1,434.45	1,783.00	1,783.00	1,345.13	1,345.13	
Trade receivables (net)	Amortised cost	4,726.66	4,726.66	5,005.07	5,005.07	4,847.40	4,847.40	
Unbilled revenue	Amortised cost	2,148.21	2,148.21	2,044.83	2,044.83	1,699.50	1,699.50	
Forward contracts receivable	Fair value	49.55	49.55	163.33	163.33	42.75	42.75	Level 2
Other current financial assets		-	-	44.13	44.13	-	-	
Total		**22,431.96**	**22,395.56**	**18,780.60**	**18,784.74**	**19,003.76**	**18,997.36**	
Liabilities:								
Borrowings (including accrued interest)	Amortised cost	18.03	18.03	23.36	23.36	21.91	21.91	
Trade payables	Amortised cost	1,645.25	1,645.25	1,506.38	1,506.38	1,673.08	1,673.08	
Other financial liabilities (excluding borrowings)	Amortised cost	424.62	424.62	461.48	461.48	390.97	390.97	
Total		**2,087.90**	**2,087.90**	**1,991.22**	**1,991.22**	**2,085.96**	**2,085.96**	

* Fair value includes interest accrued

Fair value hierarchy:

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

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

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

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

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Persistent Systems Ltd. Pune

31. Segment Information

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

The Group reorganised itself into three business units from April 1, 2018, which form the operating segments for segment reporting.
The operating segments are
a. Technology Services
b. Alliance
c. Accelerite (Products)

Accordingly, the corresponding figures for the earlier reporting periods are restated in line with the above reorganization.

(In ₹ Million)

Particulars			Technology Services	Alliance	Accelerite (Products)	Total
Revenue	Quarter ended	Dec-31-2018	5,597.18	2,541.10	504.21	8,642.49
	Quarter ended	Dec-31-2017	4,883.17	2,509.14	526.59	7,918.90
	Nine months ended	Dec-31-2018	16,276.88	7,698.73	1,365.26	25,340.87
	Nine months ended	Dec-31-2017	14,267.68	6,797.33	1,746.56	22,811.57
	Year ended	Mar-31-2018	19,371.11	8,725.06	2,240.86	30,337.03
Identifiable expense	Quarter ended	Dec-31-2018	3,462.52	1,479.85	220.29	5,162.66
	Quarter ended	Dec-31-2017	3,005.57	1,632.05	254.33	4,891.95
	Nine months ended	Dec-31-2018	10,108.97	4,950.60	677.27	15,736.84
	Nine months ended	Dec-31-2017	8,932.46	4,579.64	897.95	14,410.05
	Year ended	Mar-31-2018	11,962.93	6,025.17	1,186.57	19,174.67
Segmental result	Quarter ended	Dec-31-2018	2,134.66	1,061.25	283.02	3,479.03
	Quarter ended	Dec-31-2017	1,877.60	877.09	272.76	3,026.95
	Nine months ended	Dec-31-2018	6,167.91	2,748.13	687.99	9,604.03
	Nine months ended	Dec-31-2017	5,335.22	2,217.69	848.61	8,401.52
	Year ended	Mar-31-2018	7,408.18	2,699.09	1,054.29	11,162.36
Unallocable expenses	Quarter ended	Dec-31-2018				2,414.55
	Quarter ended	Dec-31-2017				2,044.55
	Nine months ended	Dec-31-2018				6,446.37
	Nine months ended	Dec-31-2017				5,989.41
	Year ended	Mar-31-2018				8,060.76
Operating income	Quarter ended	Dec-31-2018				1,065.28
	Quarter ended	Dec-31-2017				982.40
	Nine months ended	Dec-31-2018				3,157.66
	Nine months ended	Dec-31-2017				2,412.11
	Year ended	Mar-31-2018				3,101.60
Other income (net of expenses)	Quarter ended	Dec-31-2018				229.93
	Quarter ended	Dec-31-2017				192.76
	Nine months ended	Dec-31-2018				592.59
	Nine months ended	Dec-31-2017				897.01
	Year ended	Mar-31-2018				1,191.01
Profit before taxes	Quarter ended	Dec-31-2018				1,295.21
	Quarter ended	Dec-31-2017				1,175.16
	Nine months ended	Dec-31-2018				3,750.25
	Nine months ended	Dec-31-2017				3,309.12
	Year ended	Mar-31-2018				4,292.61
Tax expense	Quarter ended	Dec-31-2018				378.04
	Quarter ended	Dec-31-2017				258.46
	Nine months ended	Dec-31-2018				1,078.19
	Nine months ended	Dec-31-2017				815.30
	Year ended	Mar-31-2018				1,061.73
Profit after tax	Quarter ended	Dec-31-2018				917.17
	Quarter ended	Dec-31-2017				916.70
	Nine months ended	Dec-31-2018				2,672.06
	Nine months ended	Dec-31-2017				2,493.82
	Year ended	Mar-31-2018				3,230.88

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

(In ₹ Million)

Particulars			Technology Services	Alliance	Accelerite (Products)	Total
Segmental trade receivables	As at	Dec-31-2018	3,194.52	1,035.20	490.34	4,720.06
	As at	Dec-31-2017	3,498.40	846.55	660.12	5,005.07
	As at	Mar-31-2018	3,675.96	740.27	431.17	4,847.40
Unallocated assets	As at	Dec-31-2018				24,773.97
	As at	Dec-31-2017	-	-	-	20,926.48
	As at	Mar-31-2018	-	-	-	21,860.73

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

Geographical Information

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

(In ₹ Million)

Particulars			India	North America	Rest of the World	Total
Revenue	Quarter ended	Dec-31-2018	588.18	7,230.84	823.47	8,642.49
	Quarter ended	Dec-31-2017	461.11	6,679.25	778.54	7,918.90
	Nine months ended	Dec-31-2018	1,708.70	20,776.45	2,855.72	25,340.87
	Nine months ended	Dec-31-2017	1,315.78	19,250.70	2,245.09	22,811.57
	Year ended	Mar-31-2018	1,910.67	25,336.90	3,089.46	30,337.03

The revenue from a single customer in excess of ten percent of total revenue of the Group is ₹ 2,271.64 million for the quarter ended December 31, 2018 (corresponding period ₹ 2,216.02 million), ₹ 6,401.11 million for the nine months ended December 31, 2018 (corresponding period ₹ 6,221.84 million), (previous year : ₹ 7,852.92 million)

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Persistent Systems Ltd
Pune

32. On July 02, 2015, the Company, through its wholly owned subsidiary Persistent Systems Inc., acquired the entire equity capital of US based Akshat Corporation (d.b.a. RGen Solutions in USA). In addition to the upfront purchase consideration, the stock purchase agreement for additional consideration, contingent upon certain conditions being met in future years. The additional contingent consideration payable to the selling shareholders is subject to a maximum amount of USD 3.75 million. The fair value of the contingent consideration is estimated to be Nil as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.

33. Persistent Systems Inc. (a wholly owned subsidiary of Persistent Systems Limited) acquired Digital Content Management Solution product from the US based Akumina Inc. on November 9, 2015. In addition to the upfront purchase consideration, the asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The additional contingent consideration payable to Akumina Inc., is subject to maximum amount of USD 5.00 million. The fair value of the contingent consideration is estimated to be Nil as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.

34. Persistent Telecom Solutions Inc. (a wholly owned subsidiary of Persistent Systems Inc.) acquired a cloud platform open source software from Citrix on February 28, 2016. In addition to the upfront purchase consideration, the asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The fair value of the contingent consideration is estimated to be Nil as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.

35.

a) On August 24, 2018, Persistent Systems Inc. (a wholly owned subsidiary of Persistent Systems Limited) acquired the entire equity capital of a USA based Company Herald technologies Inc. (referred to as 'Herald').
The Company acquired 100% voting equity interest in Herald through share purchase agreement.

The acquisition would strengthen Persistent's IP led offerings in the healthcare domain and create a number of cross-sell opportunities

b) The amount of consideration is ₹148.50 million which is paid/ payable in cash.
The fair value of assets acquired and liabilities assumed as on the date of acquisition are as follows:

₹ in Million

Particulars	Total
Current Assets	
Cash and & cash equivalents	0.35
Non-current assets	
Property, Plant and Equipment	0.08
Intangible assets under development	148.67
Current liabilities	
Trade and other payables	0.35
Net assets	**148.75**

The gain on bargain purchase arising on acquisition is ₹ 0.25 million.

c) Net cash outflow on acquisition of subsidiaries

Particulars	Amount in ₹ million
Consideration paid/ payable in cash	148.50
Less: cash and cash equivalent balances acquired	(0.35)
	148.15

d) Revenue of Herald is Nil. The loss included is ₹ 9.52 million.

Had the business combination been effected on April 1, 2018, there would have been no change in the revenue and the profit after tax for the nine months ended December 31, 2018 for the Group.

Persistent Systems Ltd. Pune

36. Persistent Systems Limited ("the Holding Company") had received a show cause notice from Commissioner of Service Tax on December 19, 2016 for non-payment of service tax of ₹ 452.15 million under import of services on reverse charge basis, excluding interest and penalty if applicable. The issue relates to the professional and technical services rendered by overseas subsidiaries on behalf of the Holding Company to its overseas customers for the period 2011-12 to 2014-15.

    Post representations made by the Holding Company, the Learned Principal Commissioner of Service Tax, Pune, adjudicated the aforesaid show-cause notice and issued an order on May 29, 2017, reducing the demand to ₹ 165.51 million based on the period of limitation and as a result of that, the said demand now covers financial year 2014-15. The Holding Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017.

    The Holding Company, based on independent legal opinion obtained in respect of issues related to this matter, believes that the liability is not likely to arise and therefore, no provision is considered necessary in the financial statements. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Holding Company will be eligible to claim credit/refund for the amount paid.

    The GST department has filed an appeal on October 11, 2017 with appellate authorities against the Order passed by Learned Principal Commissioner of Service Tax, Pune. Though the GST department has acknowledged the ground of revenue neutrality, the said appeal mainly questions non-application of extended period of limitation. The Holding Company has filed reply to this appeal on December 18, 2017.

    Considering the view of the Service Tax Authorities, based on legal advice, and due prudence, the Holding Company has deposited, an amount of ₹ 647.36 million towards service tax in respect of the above matter, for the period from April 01, 2014 to June 30, 2017, under protest.

    As on December 31, 2018, the pending litigations in respect of direct taxes amount to ₹ 256.96 million and in respect of indirect taxes amount to ₹ 30.40 million (excluding the show cause received from Commissioner of Service Tax on May 29, 2017 of ₹ 165.51 million under import of services on reverse charge basis as mentioned above). Based on the advice obtained and judgments in favour of the Company at the first appellate authority in the earlier years, management does not expect any outflow in respect of these litigations.

37. Persistent Systems Inc., subsidiary of Persistent Systems Limited, has given a guarantee of €10.00 million to Tech Data Europe GmbH & its Affiliates towards trade payable of Persistent Systems Inc & its Affiliates.

38. As reported in the previous quarter, Persistent Systems Limited ("the Parent Company") has deposits of ₹ 430 million with the financial institutions viz. Infrastructure Leasing & Financial Services Ltd. (IL&FS) and IL&FS Financial Services Ltd.(referred to as "IL&FS Group)' as on the balance sheet date. These are due for maturity from January 2019 to June 2019, the first deposit being due on 28th January 2019. In August 2018, credit rating agency, has significantly downgraded the IL& FS Group's rating. As of December 31, 2018, there have been no defaults in payment of interest on the aforesaid deposits. At this stage, it is difficult to estimate the ultimate probable loss if any. Accordingly, the management of the Parent Company believes that there is no immediate need to recognize any impairment on the above deposits as of December 31, 2018. The Parent Company will continue to monitor the developments in this matter for the purpose of determining the financial reporting impact, if any.

39. Previous periods' / year's figures have been regrouped where necessary to conform to current period's classification for segment disclosure.

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

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Deloitte Haskins & Sells LLP

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF PERSISTENT SYSTEMS LIMITED

Report on the Audit of the Interim Standalone Condensed Financial Statements

Opinion

We have audited the accompanying standalone interim condensed financial statements ("the Condensed Financial Statements") of **Persistent Systems Limited** (the Company), which comprise the Condensed Balance Sheet as at 31 December 2018, the Condensed Statement of Profit and Loss for the quarter and nine months ended on that date, the Condensed Statement of Changes in Equity and the Condensed Statement of Cash Flows for the nine months period then ended, and notes to the Condensed Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Condensed Financial Statements give a true and fair view in conformity with the Indian Accounting Standard 34 (Ind AS 34) prescribed under section 133 of the Companies Act, 2013 ('the Act') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2018, profit for the quarter and nine months ended on that date, changes in equity and its cash flows for the nine months period then ended.

Basis for Opinion

We conducted our audit of the Condensed Financial Statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Condensed Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Condensed Financial Statements.

Emphasis of Matter

We draw attention to Note 32 to the Condensed Financial Statements, relating to the deposits of Rs 430 million in Infrastructure Leasing & Financial Services Group as at 31 December 2018, whose rating was significantly downgraded by credit rating agency – ICRA in August 2018. No provision against these deposits is considered necessary by the management as at 31 December 2018 for the reasons stated in the said note.

Management's Responsibility for the Condensed Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these Condensed Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS 34 and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Condensed Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Condensed Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Condensed Financial Statements

Our objectives are to obtain reasonable assurance about whether the Condensed Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Condensed Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Condensed Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Condensed Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Condensed Financial Statements, including the disclosures, and whether the Condensed Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Hemant M. Joshi
Partner
(Membership No. 038019)

Place: Pune
Date: 28 January 2019

Persistent Systems Limited

CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2018

	Notes	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
ASSETS				
Non-current assets				
Property, Plant and Equipment	5.1	2,185.11	2,338.06	2,323.88
Capital work-in-progress		7.82	30.50	7.32
Other Intangible assets	5.2	97.44	136.39	117.48
Intangible assets under development		43.00	2.77	7.44
		2,333.37	2,507.72	2,456.12
Financial assets				
- Investments	6	7,104.62	5,124.56	5,504.85
- Loans	7	111.07	1,091.84	945.81
-Other non current financial assets	8	29.78	323.63	37.43
Deferred tax assets (net)	9	41.76	-	31.68
Other non-current assets	10	74.72	60.65	64.00
		9,695.32	9,108.40	9,039.89
Current assets				
Financial assets				
- Investments	11	7,352.25	5,532.19	5,916.31
- Trade receivables	12	2,226.58	3,981.24	3,425.07
- Cash and cash equivalents	13	597.23	444.93	305.27
- Other bank balances	14	1,638.16	686.62	876.62
- Loans	15	9.14	3.87	4.47
- Other current financial assets	16	2,200.70	1,519.31	1,847.70
Other current assets	17	1,316.09	1,161.49	1,374.62
		15,420.23	13,329.65	13,750.06
TOTAL		25,115.55	22,438.05	22,789.95
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	800.00	800.00	800.00
Other equity		21,900.68	19,392.07	19,732.04
		22,700.68	20,192.07	20,532.04
LIABILITIES				
Non- current liabilities				
Financial liabilities				
- Borrowings	18	13.33	17.91	16.55
Provisions	19	153.95	141.85	143.37
Deferred tax liabilities (net)	9	-	14.74	-
		167.28	174.50	159.92
Current liabilities				
Financial liabilities				
- Trade payables [(dues of micro and small enterprises: Nil (Corresponding period/ Previous year: Nil)]	20	840.45	701.15	716.73
- Other financial liabilities	21	127.02	280.08	290.86
Other current liabilities	22	658.96	452.12	562.83
Provisions	23	620.71	514.18	428.03
Current tax liabilities (net)		0.45	123.95	99.54
		2,247.59	2,071.48	2,097.99
TOTAL		25,115.55	22,438.05	22,789.95
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. 117366W/W-100018
Chartered Accountants

Hemant M. Joshi
Partner
Membership No. 038019

Place: Pune
Date : January 28, 2019

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

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : January 28, 2019

Persistent Systems Ltd. Pune

Persistent Systems Limited

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

	Notes	For the quarter ended		For the nine months ended		For the year ended
		December 31, 2018 In ₹ Million	December 31, 2017 In ₹ Million	December 31, 2018 In ₹ Million	December 31, 2017 In ₹ Million	March 31, 2018 In ₹ Million
Income						
Revenue from operations (net)	24	4,879.75	4,300.09	14,435.96	12,947.44	17,327.49
Other income	25	222.95	252.12	782.33	993.57	1,276.82
Total income (A)		5,102.70	4,552.21	15,218.29	13,941.01	18,604.31
Expenses						
Employee benefits expense	26.1	2,443.58	2,252.99	7,022.71	6,637.48	8,740.66
Cost of professionals	26.2	583.23	512.42	1,646.15	1,671.80	2,133.03
Finance costs		0.12	0.14	0.39	0.47	0.62
Depreciation and amortization expense	5.3	113.47	128.18	344.55	414.99	537.81
Other expenses	27	1,051.86	609.67	2,782.42	1,976.73	2,640.03
Total expenses (B)		4,192.26	3,503.40	11,796.22	10,701.47	14,052.15
Profit before tax (A - B)		910.44	1,048.81	3,422.07	3,239.54	4,552.16
Tax expense						
Current tax		235.00	284.92	981.50	877.28	1,175.90
Tax credit in respect of earlier years		49.09	(3.99)	49.09	(3.99)	(3.99)
Deferred tax charge / (credit)		16.34	(9.44)	(38.60)	(26.31)	(40.92)
Total tax expense		300.43	271.49	991.99	846.98	1,130.99
Net profit for the period / year (C)		610.01	777.32	2,430.08	2,392.56	3,421.17
Other comprehensive income						
Items that will not be reclassified to profit and loss (D)						
- Remeasurements of the defined benefit liabilities / (asset) (net of tax)		(28.65)	12.04	(54.12)	72.13	104.97
		(28.65)	12.04	(54.12)	72.13	104.97
Items that may be reclassified to profit and loss (E)						
- Effective portion of cash flow hedge (net of tax)		351.15	27.40	52.86	(131.70)	(191.81)
		351.15	27.40	52.86	(131.70)	(191.81)
Total other comprehensive income for the period / year (D) + (E)		322.50	39.44	(1.26)	(59.57)	(86.84)
Total comprehensive income for the period / year (C) + (D) + (E)		932.51	816.76	2,428.82	2,332.99	3,334.33
Earnings per equity share [Nominal value of share ₹10 (Corresponding period/ previous year: ₹10)]	28					
Basic (In ₹)		7.63	9.72	30.38	29.91	42.76
Diluted (In ₹)		7.63	9.72	30.38	29.91	42.76
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. 117366W/W-100018
Chartered Accountants

Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date : January 28, 2019

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

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : January 28, 2019

Persistent Systems Ltd. Pune

Persistent Systems Limited

CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2018

		For the nine months ended		For the year ended
		December 31, 2018 In ₹ Million	December 31, 2017 In ₹ Million	March 31, 2018 In ₹ Million
Cash flows from operating activities				
Profit before tax		3,422.07	3,239.54	4,552.16
Adjustments for,				
Interest income		(193.85)	(134.71)	(191.60)
Finance cost		0.39	0.47	0.62
Dividend income		(349.69)	(191.29)	(259.73)
Depreciation and amortization expense		344.55	414.99	537.81
Amortization of lease premium		0.44	0.44	0.58
Unrealised exchange loss/ (gain) (net)		72.01	(97.63)	(177.50)
Exchange (gain) / loss on derivative contracts		74.58	48.06	76.73
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents		66.16	(74.31)	(111.75)
Donations in kind		1.40	0.16	0.16
Bad debts		23.55	35.97	157.62
Provision for doubtful debts (net)/ (Provision for doubtful debts written back) (net)		(8.09)	(29.77)	(146.42)
Employee stock compensation expenses		-	2.23	2.23
Remeasurements of the defined benefit liabilities / (asset) (before tax effects)		(79.88)	101.28	146.57
Advances written back		-	(17.56)	(17.56)
(Gain) / loss on fair valuation of assets designated as at FVTPL		87.93	72.54	18.92
(Profit) on sale of investments (net)		(288.52)	(174.60)	(186.84)
(Profit) on sale of fixed assets (net)		(2.27)	(1.94)	(2.47)
Operating profit before working capital changes		3,170.78	3,193.87	4,399.53
Movements in working capital :				
(Increase)/ Decrease in non-current and current loans		2.95	3.81	0.70
(Increase)/ Decrease in other non current assets		(10.72)	7.70	(3.18)
(Increase)/ Decrease in other current financial assets		(643.51)	(176.70)	(156.58)
(Increase)/ Decrease in other current assets		58.53	(640.28)	(853.41)
(Increase)/ Decrease in trade receivables		1,073.50	882.35	1,477.87
Increase / (Decrease) in trade payables and current liabilities		53.55	(217.71)	(92.85)
Increase / (Decrease) in provisions		203.26	(7.70)	(92.33)
Operating profit after working capital changes		3,908.34	3,045.34	4,679.75
Direct taxes paid (net of refunds)		(1,103.92)	(784.20)	(1,119.68)
Net cash generated from operating activities	(A)	2,804.42	2,261.14	3,560.07
Cash flows from investing activities				
Payment towards capital expenditure (including intangible assets)		(218.66)	(177.60)	(232.81)
Proceeds from sale of fixed assets		2.27	2.05	2.94
Purchase of bonds		(908.90)	(495.74)	(595.43)
Proceeds from sale/ maturity of bonds		50.00	-	-
Investments in mutual funds		(16,937.29)	(9,913.09)	(15,502.22)
Proceeds from sale / maturity of mutual funds		15,712.64	9,303.53	14,290.26
Investments in bank deposits having original maturity over three months		(3,183.29)	(18.90)	(225.12)
Maturity of bank deposits having original maturity over three months (including		2,285.66	(405.35)	42.26
Investments in deposit with financial institutions		(300.00)	15.42	(595.35)
Maturity of deposit with financial institutions		550.35	-	
Inter corporate deposits (made) / refunded		133.06	(616.52)	(429.37)
Interest received		276.12	67.77	124.91
Dividend received		349.69	191.29	259.73
Net cash generated from / (used in) investing activities	(B)	(2,186.35)	(2,047.14)	(2,860.20)
Cash flows from financing activities				
(Repayment of) long term borrowings		(3.22)	(3.22)	(4.58)
Specific project related grant received		4.50	-	-
Dividend paid		(239.30)	(239.72)	(799.79)
Tax on dividend paid		(20.18)	(48.86)	(150.23)
Interest paid		(1.05)	(1.13)	(1.37)
Net cash generated from / (used in) financing activities	(C)	(259.25)	(292.93)	(955.97)

Persistent Systems Limited

CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2018

	For the nine months ended		For the year ended
	December 31, 2018	December 31, 2017	March 31, 2018
	In ₹ Million	In ₹ Million	In ₹ Million
Net (decrease) / increase in cash and cash equivalents (A + B + C)	358.82	(78.93)	(256.10)
Cash and cash equivalents at the beginning of the period/ year	306.68	451.03	451 03
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(66.16)	74.31	111.75
Cash and cash equivalents at the end of the period/ year	**599.34**	**446.41**	**306.68**
Components of cash and cash equivalents			
Cash on hand (refer note 13)	0.15	0.13	0.11
Balances with banks			
On current accounts # (refer note 13)	267.06	258.68	158.58
On saving accounts (refer note 13)	0.43	0.60	0.75
On Exchange Earner's Foreign Currency accounts (refer note 13)	323.55	185.52	145.83
On unpaid dividend accounts* (refer note 14)	2.11	1.48	1.41
Cheques on hand (refer note 13)	6.04	-	-
Cash and cash equivalents	**599.34**	**446.41**	**306.68**

Out of the cash and cash equivalent balance as at December 31, 2018, the Company can utilise ₹ 2.98 million only towards research and development activities specified in the loan /grant agreement. There were no such restrictions for utilisation of the cash and cash equivalent balance as at December 31, 2017 and March 31, 2018.

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

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

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

Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date : January 28, 2019

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

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : January 28, 2019

Persistent Systems Ltd. Pune

Persistent Systems Limited

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED DECEMBER 31, 2018

A. Equity share capital

(Refer note 4)

(In ₹ Million)

Balance as at April 1, 2018	Changes in equity share capital during the period	Balance as at December 31, 2018
800.00	-	800.00

(In ₹ Million)

Balance as at April 1, 2017	Changes in equity share capital during the period	Balance as at December 31, 2017
800.00	-	800.00

(In ₹ Million)

Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
800.00	-	800.00

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Persistent Systems Limited

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED DECEMBER 31, 2018

B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus				Items of other comprehensive income	Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2018	1,336.70	9,296.47	90.52	8,991.72	16.63	19,732.04
Net profit for the period	-	-	-	2,430.08	-	2,430.08
Other comprehensive income for the period	-	-	-	(54.12)	52.86	(1.26)
Dividend	-	-	-	(240.00)	-	(240.00)
Tax on dividend	-	-	-	(20.18)	-	(20.18)
Adjustments towards employees stock options	-	10.64	(10.64)	-	-	-
Balance as at December 31, 2018	**1,336.70**	**9,307.11**	**79.88**	**11,107.50**	**69.49**	**21,900.68**

(In ₹ Million)

Particulars	Reserves and surplus				Items of other comprehensive income	Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2017	1,336.70	7,827.60	187.12	7,784.28	208.44	17,344.14
Net profit for the period	-	-	-	2,392.56	-	2,392.56
Other comprehensive income for the period	-	-	-	72.13	(131.70)	(59.57)
Dividend	-	-	-	(240.00)	-	(240.00)
Tax on dividend	-	-	-	(48.86)	-	(48.86)
Employee stock compensation expenses	-	-	2.23	-	-	2.23
Employee stock compensation expenses of subsidiaries	-	-	1.57	-	-	1.57
Adjustments towards employees stock options	-	50.32	(50.32)	-	-	-
Balance as at December 31, 2017	**1,336.70**	**7,877.92**	**140.60**	**9,960.11**	**76.74**	**19,392.07**

(In ₹ Million)

Particulars	Reserves and surplus				Items of other comprehensive income	Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2017	1,336.70	7,827.60	187.12	7,784.28	208.44	17,344.14
Net profit for the year	-	-	-	3,421.17	-	3,421.17
Other comprehensive income for the year	-	-	-	104.97	(191.81)	(86.84)
Dividend	-	-	-	(800.00)	-	(800.00)
Tax on dividend	-	-	-	(150.23)	-	(150.23)
Transfer to general reserve	-	1,368.47	-	(1,368.47)	-	-
Employee stock compensation expenses	-	-	2.23	-	-	2.23
Employee stock compensation expenses of subsidiaries		-	1.57	-	-	1.57
Adjustments towards employees stock options	-	100.40	(100.40)	-	-	-
Balance at March 31, 2018	**1,336.70**	**9,296.47**	**90.52**	**8,991.72**	**16.63**	**19,732.04**

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

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

Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date: January 28, 2019

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

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date: January 28, 2019

Persistent Systems Ltd * Pune *

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 financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments and equity settled employee stock options which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services. The accounting policies are consistently applied by the Company during the period and are consistent with those used in previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Statement of compliance

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

3. **Summary of significant accounting policies**

(a) Use of estimates

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

Critical accounting estimates

i. Revenue recognition

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

ii. Income taxes

The Company's major tax jurisdictions is India, though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

iii. Property, plant and equipment

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

iv. Provisions

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

Persistent Systems Ltd. Pune

(b) Property, Plant and Equipment

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

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

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

(c) Intangible assets

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

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

Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the 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 Property, Plant and Equipment is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management.

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

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

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

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

Chartered Accountants

Persistent Systems Ltd. Pune

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) Financial instruments

i) Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial assets at amortized cost**

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

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

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

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

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

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

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

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

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

  Derecognition

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

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

Persistent Systems Ltd. Pune

ii) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial liabilities at amortized cost**

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

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

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

  Derecognition

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

iii) Impairment

i) Financial assets

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

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

ii) Non-financial assets

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

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial period end even if there is no indication that the asset is impaired.
An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(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 / year 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 as per the terms of the lease agreements.

(h) Revenue recognition

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

(i) Income from sale of software services and products

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

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

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

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

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

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

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

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

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

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

(ii) Interest

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

(iii) Dividend

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

(i) Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets while grants related to expenses are deducted in reporting the related expenses in the income statement.

(j) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the functional currency of the Company, by applying to the foreign currency amount the exchange rate between the functional 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 Property, Plant and Equipment acquisition are recognized as income or expenses in the period in which they arise.

Translation of foreign operations

The Company presents the financial statements in INR which is the functional currency of the Company.

The assets and liabilities of a foreign operation are translated into the reporting currency (INR) at the exchange rate prevailing at the reporting date.

(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 and are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

(iii) Superannuation

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

Persistent Systems Ltd. Pune

(iv) **Leave encashment**

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

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

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. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

(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 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. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

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

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

In the situations where the 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 temporary 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 temporary differences which reverse after the tax holiday period is recognized in the period / year in which the temporary differences originate.

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

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

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.
Minimum alternate tax (MAT) paid in a period / year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the 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 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 Indian Accounting Standard 108 (Ind AS-108) "Operating Segments" 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 reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the 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.

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

(o) Provisions

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

(p) Contingent liabilities

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

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

In accordance with Ind AS 102 – "Share Based Payments", the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the 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 / year and is recognized in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.
The employee stock option expenses in respect of the employees of the subsidiaries are charged to the respective subsidiary.

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Persistent Systems Ltd. Pune

4. **Share capital**

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Authorized shares (No. in million)			
200 (Previous period/ year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00	2,000.00
	2,000.00	**2,000.00**	**2,000.00**
Issued, subscribed and fully paid-up shares (No. in million)			
80 (Previous period/ year: 80) equity shares of ₹ 10 each	800.00	800.00	800.00
Issued, subscribed and fully paid-up share capital	**800.00**	**800.00**	**800.00**

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

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

(In Million)

	As at December 31, 2018		As at December 31, 2017		As at March 31, 2018	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the period / year	80.00	800.00	80.00	800.00	80.00	800.00
Number of shares at the end of the period / year	**80.00**	**800.00**	**80.00**	**800.00**	**80.00**	**800.00**

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.

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

	For the period of five years ended December 31, 2018 No in Million	For the period of five years ended December 31, 2017 No in Million	For the period of five years ended March 31, 2018 No in Million
Equity shares allotted on March 12, 2015 as fully paid bonus shares by capitalization of securities premium ₹ 400.00 million	40.00	40.00	40.00

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Persistent Systems Ltd.

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

Name of the shareholder*	As at December 31, 2018 No. in million	As at December 31, 2018 % Holding	As at December 31, 2017 No. in million	As at December 31, 2017 % Holding	As at March 31, 2018 No. in million	As at March 31, 2018 % Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.95	28.69	22.93	28.66	22.93	28.66
Saif Advisors Mauritius Limited	1.30	1.62	4.27	5.33	3.70	4.62

* 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 Ltd. Pune

5.1 Property, Plant and Equipment

(In ₹ Million)

	Freehold land	Buildings*	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2018	206.92	2,386.97	1,632.30	53.48	1,377.70	21.12	511.29	4.73	6,194.51
Additions	-	0.07	119.06	1.40	13.41	-	3.19	4.66	141.79
Disposals	-	-	38.75	1.81	19.64	-	0.47	0.95	61.62
As at December 31, 2018	**206.92**	**2,387.04**	**1,712.61**	**53.07**	**1,371.47**	**21.12**	**514.01**	**8.44**	**6,274.68**
Depreciation and impairment									
As at April 1, 2018	-	868.36	1,395.62	47.67	1,080.85	15.43	458.28	4.42	3,870.63
Charge for the period	-	72.53	121.47	2.42	63.02	2.08	18.56	0.48	280.56
Disposals	-	-	38.75	1.81	19.64	-	0.47	0.95	61.62
As at December 31, 2018	**-**	**940.89**	**1,478.34**	**48.28**	**1,124.23**	**17.51**	**476.37**	**3.95**	**4,089.57**
Net block									
As at December 31, 2018	**206.92**	**1,446.15**	**234.27**	**4.79**	**247.24**	**3.61**	**37.64**	**4.49**	**2,185.11**
As at March 31, 2018	**206.92**	**1,518.61**	**236.68**	**5.81**	**296.85**	**5.69**	**53.01**	**0.31**	**2,323.88**

(In ₹ Million)

	Freehold land	Buildings*	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2017	206.92	2,366.57	1,565.38	52.09	1,358.96	21.12	500.10	4.73	6,075.87
Additions	-	12.10	112.03	2.30	17.90	-	6.96	-	151.29
Disposals	-	-	74.60	0.85	5.66	-	-	-	81.11
As at December 31, 2017	**206.92**	**2,378.67**	**1,602.81**	**53.54**	**1,371.20**	**21.12**	**507.06**	**4.73**	**6,146.05**
Depreciation and impairment									
As at April 1, 2017	-	772.59	1,290.21	44.84	1,018.03	12.67	432.22	4.21	3,574.77
Charge for the period	-	72.11	149.82	2.90	67.26	2.08	19.89	0.16	314.22
Disposals	-	-	74.60	0.74	5.66	-	-	-	81.00
As at December 31, 2017	**-**	**844.70**	**1,365.43**	**47.00**	**1,079.63**	**14.75**	**452.11**	**4.37**	**3,807.99**
Net block									
As at December 31, 2017	**206.92**	**1,533.97**	**237.38**	**6.54**	**291.57**	**6.37**	**54.95**	**0.36**	**2,338.06**

* Note: Building includes those constructed on leasehold land:

a) Gross block as on December 31, 2018 ₹ 1,454.10 million (Corresponding period ₹ 1,445.80 million/ Previous year ₹ 1,454.10 million)

b) Depreciation charge for the period ₹ 44.41 million (Corresponding period ₹ 43.98 million / Previous year ₹ 58.45 million)

c) Accumulated depreciation as on December 31, 2018 ₹ 425.46 million (Corresponding period ₹ 366.58 million / Previous year ₹ 381.05 million)

d) Net book value as on December 31, 2018 ₹ 1,028.64 million (Corresponding period ₹ 1,079.22 million / Previous year ₹ 1,073.05 million)

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5.1 Property, Plant and Equipment

(In ₹ Million)

	Freehold land	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2017	206.92	2,366.57	1,565.38	52.09	1,358.96	21.12	500.10	4.73	6,075.87
Additions	-	20.40	156.27	2.44	45.74	-	11.77	-	236.62
Disposals	-	-	89.35	1.05	27.00	-	0.58	-	117.98
As at March 31, 2018	**206.92**	**2,386.97**	**1,632.30**	**53.48**	**1,377.70**	**21.12**	**511.29**	**4.73**	**6,194.51**
Depreciation and impairment									
As at April 1, 2017	-	772.59	1,290.21	44.84	1,018.03	12.67	432.22	4.21	3,574.77
Charge for the year	-	95.77	194.76	3.77	89.46	2.76	26.64	0.21	413.37
Disposals	-	-	89.35	0.94	26.64	-	0.58	-	117.51
As at March 31, 2018	**-**	**868.36**	**1,395.62**	**47.67**	**1,080.85**	**15.43**	**458.28**	**4.42**	**3,870.63**
Net block									
As at March 31, 2018	**206.92**	**1,518.61**	**236.68**	**5.81**	**296.85**	**5.69**	**53.01**	**0.31**	**2,323.88**
As at March 31, 2017	**206.92**	**1,593.98**	**275.17**	**7.25**	**340.93**	**8.45**	**67.88**	**0.52**	**2,501.10**

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Persistent Systems Ltd.
Pune

5.2 Other intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2018	660.92	261.74	922.66
Additions	43.95	-	43.95
As at December 31, 2018	**704.87**	**261.74**	**966.61**
Amortization and impairment			
As at April 1, 2018	543.44	261.74	805.18
Charge for the period	63.99	-	63.99
As at December 31, 2018	**607.43**	**261.74**	**869.17**
Net block			
As at December 31, 2018	**97.44**	-	**97.44**
As at March 31, 2018	**117.48**	-	**117.48**

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2017	641.04	261.74	902.78
Additions	15.12	-	15.12
As at December 31, 2017	**656.16**	**261.74**	**917.90**
Amortization and impairment			
As at April 1, 2017	431.42	249.32	680.74
Charge for the period	88.35	12.42	100.77
As at December 31, 2017	**519.77**	**261.74**	**781.51**
Net block			
As at December 31, 2017	**136.39**	-	**136.39**

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2017	641.04	261.74	902.78
Additions	19.88	-	19.88
As at March 31, 2018	**660.92**	**261.74**	**922.66**
Amortization and impairment			
As at April 1, 2017	431.42	249.32	680.74
Charge for the year	112.02	12.42	124.44
As at March 31, 2018	**543.44**	**261.74**	**805.18**
Net block			
As at March 31, 2018	**117.48**	-	**117.48**
As at March 31, 2017	**209.62**	**12.42**	**222.04**

5.3 Depreciation and amortization

(In ₹ Million)

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
On Property, Plant and Equipment	91.73	100.02	280.56	314.22	413.37
On other intangible assets	21.74	28.16	63.99	100.77	124.44
	113.47	**128.18**	**344.55**	**414.99**	**537.81**

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Persistent Systems Ltd. Pune

6. Non-current financial assets : Investments (refer note 29)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Investments carried at cost			
Unquoted investments			
Investments in equity instruments			
- In wholly owned subsidiary companies			
Persistent Systems, Inc. (Refer note 30)			
402 million (Corresponding period/ Previous year 402 million) shares of USD 0.10 each, fully paid up	2,478.01	2,478.01	2,478.01
	2,478.01	2,478.01	2,478.01
Persistent Systems Pte Ltd.			
0.50 million (Corresponding period/ Previous year: 0.50 million) shares of SGD 1 each, fully paid up	15.50	15.50	15.50
	15.50	15.50	15.50
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
	97.47	97.47	97.47
Persistent Systems Malaysia Sdn. Bhd.			
5.45 million (Corresponding period/Previous year: 5.45 million) shares of MYR 1 each, fully paid up	102.25	102.25	102.25
	102.25	102.25	102.25
Persistent Systems Germany GmbH			
8.525 million (Corresponding period/ Previous year: 0.025 million) shares of EUR 1 each, fully paid up	713.19	2.02	2.02
	713.19	2.02	2.02
-In associates			
Klisma e-Services 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: Impairment	(0.05)	(0.05)	(0.05)
	-	-	-
Total investments carried at cost (A)	3,406.42	2,695.25	2,695.25
Investments carried at amortised cost			
Quoted investments			
In bonds	1,971.37	1,012.78	1,112.47
[Market value ₹ 2,009.01 million (Corresponding period ₹ 1,054.09 million/ Previous year ₹ 1,139.71 million)]			
Add: Interest accrued on bonds	74.04	37.17	33.64
Total investments carried at amortised cost (B)	2,045.41	1,049.95	1,146.11
Designated as fair value through profit and loss			
Quoted investments			
- Investments in mutual funds			
Fair value of long term mutual funds (Refer Note 6a)	1,646.79	1,373.36	1,657.49
	1,646.79	1,373.36	1,657.49
Unquoted investments			
-Others*			
Altizon Systems Private Limited			
3,766 equity shares (Corresponding period / Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up	6.00	6.00	6.00
	6.00	6.00	6.00
Total investments carried at fair value (C)	1,652.79	1,379.36	1,663.49
Total investments (A) + (B) + (C)	7,104.62	5,124.56	5,504.85
Aggregate provision for diminution in value of investments	0.05	0.05	0.05
Aggregate amount of quoted investments	3,692.20	2,423.31	2,803.60
Aggregate amount of unquoted investments	3,412.47	2,701.30	2,701.30

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

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Persistent Systems Ltd. Pune *

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

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
ICICI Prudential Mutual Fund	534.72	594.49	664.16
Kotak Mutual Fund	286.82	180.31	214.02
HDFC Mutual Fund	200.85	158.38	191.64
Aditya Birla Sun Life Mutual Fund	186.42	105.35	157.98
UTI Mutual Fund	155.83	57.98	89.43
Axis Mutual Fund	100.00	-	-
SBI Mutual Fund	63.25	116.39	177.65
Reliance Mutual Fund	56.61	52.84	53.81
DHFL Pramerica Mutual Fund	31.18	-	-
DSP Mutual Fund	31.11	-	-
IDFC Mutual Fund	-	107.62	108.80
	1,646.79	1,373.36	1,657.49

7. Non-current financial assets : Loans (refer note 29)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Carried at amortised cost			
Loan to related parties			
Unsecured, considered good			
- Persistent Systems, Inc.	-	313.48	130.34
- Persistent Systems Germany GmbH	-	649.55	686.84
Add: Interest accrued but not due on loan	-	13.66	13.35
	-	976.69	830.53
Security deposit			
Unsecured, considered good	111.07	115.12	115.28
Unsecured, considered doubtful	-	2.19	2.19
	111.07	117.31	117.47
Less: Impairment	-	(2.19)	(2.19)
	111.07	115.12	115.28
Other loans and advances			
Inter corporate deposits			
Unsecured, considered good	-	0.03	-
Unsecured, considered doubtful	0.58	0.58	0.58
	0.58	0.61	0.58
Less: Impairment	(0.58)	(0.58)	(0.58)
	-	0.03	-
	111.07	1,091.84	945.81

8. Other non-current financial assets (refer note 29)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Non-current bank balances (Refer note 14)	24.99	1.53	1.53
Add: Interest accrued but not due on non-current bank deposits	4.79	0.18	0.21
Non-current deposits with banks (Carried at amortised cost)	29.78	1.71	1.74
Deposit with financial institutions	-	300.00	35.00
Add: Interest accrued but not due on deposit with financial institutions	-	21.92	0.69
Non-current deposits with financial institutions (Carried at amortised cost)	-	321.92	35.69
	29.78	323.63	37.43

9. Deferred tax assets (net)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Deferred tax liabilities			
Differences in book values and tax base values of block of Property, Plant and Equipment and other intangible assets	44.54	68.37	63.50
Capital gains (net)	75.28	98.94	117.36
Others	37.33	40.61	8.80
	157.15	207.92	189.66
Deferred tax assets			
Provision for leave encashment	65.80	56.13	54.35
Provision for long service awards	59.32	57.36	57.34
Provision for doubtful debts	25.51	67.18	27.75
Tax credit	48.28	12.51	73.17
Others	-	-	8.73
	198.91	193.18	221.34
Deferred tax (liabilities) / assets (net)	41.76	(14.74)	31.68

10. Other non current assets

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Capital advances (Unsecured, considered good)	-	7.53	-
Advances recoverable in cash or kind or for value to be received	74.72	53.12	64.00
	74.72	60.65	64.00

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Persistent Systems Ltd. Pune

11. Current financial assets : Investments (refer note 29)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Designated as fair value through profit and loss			
- Quoted investments			
Investments in mutual funds			
Fair value of current mutual funds (Refer Note 11a)	7,352.25	5,532.19	5,916.31
	7,352.25	5,532.19	5,916.31
Total carrying amount of investments	7,352.25	5,532.19	5,916.31
Aggregate amount of quoted investments	7,352.25	5,532.19	5,916.31

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

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
UTI Mutual Fund	1,133.60	712.37	823.08
Aditya Birla Sun Life Mutual Fund	1,074.98	888.59	845.88
L&T Mutual Fund	1,004.83	725.37	749.22
Axis Mutual Fund	894.64	494.64	743.70
ICICI Prudential Mutual Fund	795.56	220.41	275.33
Tata Mutual Fund	704.22	691.56	817.81
DSP Mutual Fund	475.05	-	50.39
HDFC Mutual Fund	439.11	509.56	174.66
SBI Mutual Fund	338.53	-	50.24
Sundaram Mutual Fund	237.93	-	104.15
Kotak Mutual Fund	230.67	163.79	300.42
IDFC Mutual Fund	23.13	463.50	349.34
DHFL Pramerica Mutual Fund	-	366.45	441.64
Reliance Mutual Fund	-	295.95	190.45
	7,352.25	**5,532.19**	**5,916.31**

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Persistent Systems Ltd. Pune

12. Trade receivables (refer note 29)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good	-	11.41	14.52
Unsecured, considered doubtful	72.99	194.12	80.20
	72.99	205.53	94.72
Less : Allowance for credit loss	(72.99)	(194.12)	(80.20)
	-	11.41	14.52
Others			
Unsecured, considered good	2,226.58	3,969.83	3,410.55
Unsecured, considered doubtful	-	-	-
	2,226.58	3,969.83	3,410.55
Less : Allowance for credit loss	-	-	-
	2,226.58	3,969.83	3,410.55
	2,226.58	3,981.24	3,425.07

13. Cash and cash equivalents (refer note 29)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Cash and cash equivalents as presented in cash flow statement			
Cash on hand	0.15	0.13	0.11
Balances with banks			
On current accounts*	267.06	258.68	158.58
On saving accounts	0.43	0.60	0.75
On Exchange Earner's Foreign Currency accounts	323.55	185.52	145.83
Cheques on hand	6.04	-	-
	597.23	444.93	305.27

*Out of the cash and cash equivalent balance as at December 31, 2018, the Company can utilise ₹ 2.98 million only towards research and development activities specified in the loan /grant agreement. There were no such restrictions for utilisation of the cash and cash equivalent balance as at December 31, 2017 and March 31, 2018

14. Other bank balances (refer note 29)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Short term bank deposits*	1,644.66	567.66	747.03
Add: Interest accrued but not due on deposits with banks	21.17	119.19	129.92
Deposits with banks (Carried at amortised cost)	1,665.83	686.85	876.95
Less: Deposit with maturity more than twelve months from the Balance Sheet date disclosed under non-current financial assets (Refer note 8)	(24.99)	(1.53)	(1.53)
Less: Interest accrued but not due on non-current deposits with banks (Refer note 8)	(4.79)	(0.18)	(0.21)
	1,636.05	685.14	875.21
Balances with banks On unpaid dividend accounts**	2.11	1.48	1.41
	1,638.16	686.62	876.62

* Out of the balance, fixed deposits of ₹ 86.65 million (Corresponding period : ₹ 62.56 million / Previous year ₹ 63.78 million) have been earmarked against bank guarantees availed by the Company.

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

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Persistent Systems Ltd. Pune

Notes forming part of condensed financial statements

15. Current financial assets : Loans (refer note 29)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Carried at amortised cost			
Loan to related parties			
Unsecured, considered doubtful			
- Klisma e-Services Private Limited	27.43	27.43	27.43
	27.43	27.43	27.43
Less: Impairment	(27.43)	(27.43)	(27.43)
	-	-	-
Security deposits			
Unsecured, considered good	9.14	3.87	4.47
	9.14	**3.87**	**4.47**
	9.14	**3.87**	**4.47**

16. Other current financial assets (refer note 29)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Fair value of derivatives designated and effective as hedging instruments			
Forward contracts receivable	49.55	163.33	42.75
Advances to related parties (Unsecured, considered good)			
Persistent Systems, Inc	61.30	64.07	67.27
Persistent Systems Pte Ltd.	0.14	-	0.15
Persistent Systems France SAS	4.10	2.99	3.34
Persistent Systems Malaysia Sdn Bhd.	0.05	0.01	0.29
Persistent Systems Lanka (Private) Limited	2.38	1.77	1.95
Persistent Systems Israel Ltd	0.14	-	0.03
Persistent Systems Mexico, S.A. de C.V	0.47	0.22	0.40
Akshat Corporation	-	0.13	0.05
Persistent Systems Germany GmbH	4.72	1.54	-
Persistent Telecom Solutions Inc.	4.42	-	-
	77.72	**70.73**	**73.48**
Advances to related parties (Unsecured, considered doubtful)			
Klisma e-Services Private Limited	0.81	0.81	0.81
Less: Impairment of current financial assets	(0.81)	(0.81)	(0.81)
	-	-	-
Deposit with financial institutions (refer note 32)	780.00	540.35	995.35
Add: Interest accrued but not due on deposit with financial institutions	18.77	6.56	20.65
Current deposits with financial institutions (Carried at amortised cost)	798.77	546.91	1,016.00
SEIS Incentive receivable	-	44.13	-
Unbilled revenue	1,354.74	694.21	715.47
	2,280.78	**1,519.31**	**1,847.70**

17. Other current assets

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Advances to suppliers (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	306.75	283.33	360.47
Other advances (Unsecured, considered good)			
VAT receivable (net)	37.13	47.29	47.09
Service tax and GST receivable (net) (refer note 31)	972.21	830.87	967.06
	1,009.34	878.16	1,014.15
	1,316.09	1,161.49	1,374.62

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Persistent Systems Ltd. Pune

18. Non-current financial liabilities : Borrowings (refer note 29)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Unsecured Borrowings carried at amortised cost			
Term loans			
Indian rupee loan from others	17.91	22.49	21.13
Interest accrued but not due on term loans	0.12	0.87	0.78
	18.03	23.36	21.91
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (Refer note 21)	(4.58)	(4.58)	(4.58)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (Refer note 21)	(0.12)	(0.87)	(0.78)
	(4.70)	(5.45)	(5.36)
	13.33	17.91	16.55

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

Loan I - amounting to ₹ 6.82 million (Corresponding period ₹ 9.55 million/ Previous year ₹ 8.19 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 ₹ 11.09 million (Corresponding period ₹ 12.94 million/ Previous year ₹ 12.94 million) with interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from September 2015.

19. Non current liabilities : Provisions

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Provision for employee benefits			
- Long service awards	153.95	141.85	143.37
	153.95	141.85	143.37

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20. Trade payables (refer note 29)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Trade payables for goods and services (refer note 30)	840.45	701.15	716.73
	840.45	701.15	716.73

21. Other current financial liabilities (refer note 29)

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Capital creditors	35.94	23.39	32.36
Current maturity of long term-borrowings (refer note 18)	4.58	4.58	4.58
Current maturity of interest on long-term borrowings (refer note18)	0.12	0.87	0.78
Accrued employee liabilities	76.70	72.98	71.42
Unpaid dividend *	2.11	1.48	1.41
Other liabilities	0.47	0.42	0.18
Advance from related parties (Unsecured, considered good)			
Persistent Systems Pte Ltd	-	0.01	-
Persistent Systems Germany GmbH	6.94	-	-
Aepona Limited	0.16	0.04	0.44
Persistent Systems Israel Ltd.	-	0.01	-
Persistent Telecom Solutions Inc.	-	176.30	179.69
	7.10	176.36	180.13
	127.02	280.08	290.86

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

22. Other current liabilities

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Unearned revenue	151.09	124.01	137.56
Advance from customers	328.10	166.95	241.10
Other payables			
- Statutory liabilities	168.08	156.92	181.13
- Other liabilities*	11.69	4.24	3.04
	658.96	452.12	562.83

* Includes grant of ₹ 4.50 million received during the nine months ended December 31, 2018, from Biotechnology Industry Research Assistance Council (BIRAC) pursuant to an agreement dated March 12, 2018. The amount together with additional grants to be received over 3 years from BIRAC and Company's share as prescribed in the agreement is to be spent as per the said agreement.

23. Current liabilities : Provisions

	As at December 31, 2018 In ₹ Million	As at December 31, 2017 In ₹ Million	As at March 31, 2018 In ₹ Million
Provision for employee benefits			
- Gratuity	83.84	(19.34)	(45.92)
- Leave encashment	188.32	162.19	157.04
- Long service awards	15.80	23.88	22.31
- Other employee benefits	332.75	347.45	294.60
	620.71	514.18	428.03

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Persistent Systems Ltd. Pune

Persistent Systems Limited

Notes forming part of condensed financial statements

24. Revenue from operations (net) (refer note 30)

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Software services	4,806.46	4,263.39	14,176.66	12,752.03	17,065.63
Software licenses	73.29	36.70	259.30	195.41	261.86
	4,879.75	4,300.09	14,435.96	12,947.44	17,327.49

25. Other income

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Interest income					
On financial assets carried at amortised cost	24.18	12.09	42.57	35.11	47.12
On others	29.31	38.19	151.28	99.60	144.48
Foreign exchange gain (net)	-	77.22	-	474.95	596.02
Profit on sale of fixed assets (net)	0.99	0.81	2.27	1.94	2.47
Dividend income from investments	54.31	80.16	349.69	191.29	259.73
Profit on sale of investments (net)	74.95	45.07	288.52	174.60	186.84
Net gain/(loss) arising on financial assets designated as at FVTPL	27.76	(57.42)	(87.93)	(72.54)	(18.92)
Advances written back	-	-	-	17.56	17.56
Miscellaneous income	11.45	56.00	35.93	71.06	41.52
	222.95	252.12	782.33	993.57	1,276.82

26. Personnel expenses

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
26.1 Employee benefits expense					
Salaries, wages and bonus	2,221.03	2,028.61	6,347.18	5,983.15	7,863.97
Contribution to provident and other funds	83.70	77.69	241.14	227.98	304.60
Gratuity expenses	36.47	46.33	113.73	126.47	163.94
Defined contribution to other funds	10.42	10.24	31.00	31.14	41.26
Staff welfare and benefits	91.96	90.12	289.66	266.51	364.66
Employee stock compensation expenses	-	-	-	2.23	2.23
	2,443.58	2,252.99	7,022.71	6,637.48	8,740.66
26.2 Cost of professionals					
- Related parties (refer note 30)	499.15	460.40	1,407.83	1,502.24	1,894.75
- Others	84.08	52.02	238.32	169.56	238.28
	583.23	512.42	1,646.15	1,671.80	2,133.03
	3,026.81	2,765.41	8,668.86	8,309.28	10,873.69

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Persistent Systems Ltd. * Pune *

27. Other expenses

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	69.68	70.96	246.53	237.70	321.25
Electricity expenses (net)	26.29	23.69	74.25	65.53	85.54
Internet link expenses	3.63	10.68	30.81	33.38	46.24
Communication expenses	15.02	11.68	52.20	59.87	75.90
Recruitment expenses	9.15	4.30	35.19	23.80	27.11
Training and seminars	3.28	2.66	7.91	6.24	11.52
Purchase of software licenses and support expenses	159.57	102.17	495.06	352.98	484.07
Bad debts	-	(0.22)	23.55	35.97	157.62
Provision for doubtful debts/ (provision for doubtful debts written back) (net)	5.75	7.43	(8.09)	(29.77)	(146.42)
Rent	62.75	60.02	185.28	182.26	242.75
Insurance	4.47	4.10	13.09	13.79	18.01
Rates and taxes	22.59	21.36	35.48	71.98	77.78
Legal and professional fees	47.31	40.32	164.02	145.34	207.86
Repairs and maintenance					
- Plant and Machinery	27.26	26.88	78.26	77.53	104.73
- Buildings	5.09	5.97	21.93	18.25	26.28
- Others	3.05	5.67	13.60	14.89	20.09
Selling and marketing expenses	354.97	148.39	951.85	469.53	614.69
Advertisement, conference and sponsorship fees	8.48	2.82	15.23	9.91	14.71
Computer consumables	1.67	2.24	4.60	3.92	5.63
Auditors' remuneration	2.65	2.56	6.39	6.30	8.07
Donations	20.98	18.10	57.67	56.31	78.02
Books, memberships, subscriptions	7.28	4.17	16.66	11.03	14.77
Foreign exchange loss (net)	151.27	-	146.44	-	-
Directors' sitting fees	1.15	0.67	3.75	2.92	3.90
Directors' commission	3.61	2.40	10.62	6.77	9.74
Miscellaneous expenses	34.91	30.65	100.14	100.30	130.17
	1,051.86	609.67	2,782.42	1,976.73	2,640.03

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Persistent Systems Ltd. Pune

28. Earnings per share

		For the quarter ended		For the nine months ended		For the year ended
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
Numerator for Basic and Diluted EPS						
Net Profit after tax (In ₹ Million)	(A)	610.01	777.32	2,430.08	2,392.56	3,421.17
Denominator for Basic EPS						
Weighted average number of equity shares	(B)	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Denominator for Diluted EPS						
Number of equity shares	(C)	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	**7.63**	**9.72**	**30.38**	**29.91**	**42.76**
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	**7.63**	**9.72**	**30.38**	**29.91**	**42.76**

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
Number of shares considered as basic weighted average shares outstanding for calculating Basic EPS	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Number of shares considered as weighted average shares and potential shares outstanding for calculating Diluted EPS	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000

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29. Financial assets and liabilities

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

(In ₹ million)

Financial assets/ financial liabilities	Basis of measurement	As at December 31, 2018		As at December 31, 2017		As at March 31, 2018		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	
Assets:								
Investments in subsidiaries and associates	Cost	3,406.42	3,406.42	2,695.25	2,695.25	2,695.25	2,695.25	
Investments in equity instruments	Fair value	6.00	6.00	6.00	6.00	6.00	6.00	Level 3
Investments in bonds*	Amortised cost	2,045.41	2,009.01	1,049.95	1,054.09	1,146.11	1,139.71	
Investments in mutual funds	Fair value	8,999.04	8,999.04	6,905.55	6,905.55	7,573.80	7,573.80	Level 1
Loans	Amortised cost	120.21	120.21	1,095.71	1,095.71	950.28	950.28	
Deposit with banks and financial institutions	Amortised cost	2,464.60	2,464.60	1,555.68	1,555.68	1,928.64	1,928.64	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	599.34	599.34	446.41	446.41	306.68	306.68	
Trade receivables	Amortised cost	2,226.58	2,226.58	3,981.24	3,981.24	3,425.07	3,425.07	
Forward contracts receivable	Fair value	49.55	49.55	163.33	163.33	42.75	42.75	Level 2
Unbilled revenue	Amortised cost	1,354.74	1,354.74	694.21	694.21	715.47	715.47	
Other current financial assets	Amortised cost	77.72	77.72	114.86	114.86	73.48	73.48	
Total		**21,349.61**	**21,313.21**	**18,708.19**	**18,712.33**	**18,863.53**	**18,857.13**	
Liabilities:								
Borrowings (including accrued interest)	Amortised cost	18.03	18.03	23.36	23.36	21.91	21.91	
Trade payables and deferred payment liabilities	Amortised cost	840.45	840.45	701.15	701.15	716.73	716.73	
Other financial liabilities (excluding borrowings)	Amortised cost	122.32	122.32	274.63	274.63	285.50	285.50	
Total		**980.80**	**980.80**	**999.14**	**999.14**	**1,024.14**	**1,024.14**	

* Fair value includes interest accrued.

Fair value hierarchy:

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

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

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Persistent Systems Ltd. Pune

30. (i) Significant related party transactions

(In ₹ Million)

	Name of the related party and nature of relationship	For the quarter ended		For the nine months ended		For the year ended
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
Sale of software services	Subsidiaries					
	Persistent Systems, Inc.	1,320.95	1,102.16	3,914.01	3,043.18	4,109.30
	Total	1,320.95	1,102.16	3,914.01	3,043.18	4,199.30
Cost of professionals (excluding reimbursement of expenses)	Subsidiaries					
	Persistent Systems, Inc.	389.34	414.10	1,110.56	1,265.65	1,595.83
	Total	389.34	414.10	1,110.56	1,265.65	1,595.83
Reimbursement of expenses	Subsidiaries					
	Persistent Systems, Inc.	-	-	-	15.50	15.48
	Total	-	-	-	15.50	15.48
Purchase of Software	Subsidiaries					
	Persistent Systems, Inc.	0.51	-	2.74	-	8.28
	Total	0.51	-	2.74	-	8.28
Selling and marketing expenses	Subsidiaries					
	Persistent Systems, Inc.	316.21	147.11	883.20	459.95	604.01
	Total	316.21	147.11	883.20	459.95	604.01
Loans given	Subsidiaries					
	Persistent Systems, Inc.	-	-	-	-	-
	Persistent Systems Germany GmbH	-	-	-	617.25	617.27
	Total	-	-	-	617.25	617.27
Conversion of loan to equity	Subsidiaries					
	Persistent Systems Germany GmbH	711.17	-	711.17	-	-
	Total	711.17	-	711.17	-	-
Commission received on corporate guarantee	Subsidiaries					
	Persistent Systems, Inc.	0.47	0.06	1.25	0.17	1.85
	Total	0.47	0.06	1.25	0.17	1.85
Travelling and conveyance	Subsidiaries					
	Persistent Systems, Inc.	1.58	1.01	4.03	2.14	2.66
	Total	1.58	1.01	4.03	2.14	2.66
Interest income	Subsidiaries					
	Persistent Systems, Inc.	-	13.32	1.07	13.32	17.24
	Total	-	13.32	1.07	13.32	17.24
Repayment of intercorporate deposits#	Subsidiaries					
	Persistent Systems, Inc.	-	-	133.64	-	187.90
	Total	-	-	133.64	-	187.90

These transactions are disclosed at the exchange rates prevailing on the date of transaction.

(ii) Significant outstanding balances

(In ₹ Million)

	Name of the related party and nature of relationship	As at		
		December 31, 2018	December 31, 2017	March 31, 2018
Trade receivables	Subsidiaries			
	Persistent Systems, Inc.	542.63	1,365.55	877.07
	Total	542.63	1,365.55	877.07
Trade payables	Subsidiaries			
	Persistent Systems, Inc.	307.90	374.92	286.94
	Total	307.90	374.92	286.94
Advances given (excluding interest accrued)	Subsidiary			
	Persistent Systems, Inc	61.30	-	67.27
	Total	61.30	-	67.27
Investments	Subsidiaries			
	Persistent Systems, Inc. (including share application money pending allotment)	2,478.01	2,478.01	2,478.01
	Total	2,478.01	2,478.01	2,478.01
Loans given	Subsidiary			
	Persistent Systems, Inc.	-	313.48	130.34
	Persistent Systems Germany GmbH	-	649.55	686.84
	Total	-	963.03	817.18

(iii) Guarantee given on behalf of subsidiary

Persistent Systems Ltd has given a guarantee of $ 15,170,000 on behalf of Persistent Systems Inc. (Previous period: $ 15,170,000 / previous year: $ 15,170,000)

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31. Persistent Systems Limited ("the Company") had received a show cause notice from the Commissioner of Service Tax on December 19, 2016 for non-payment of service tax of ₹ 452.15 million under import of services on reverse charge basis, excluding interest and penalty, if applicable. The issue relates to the professional and technical services rendered by overseas subsidiaries on behalf of the Company to its overseas customers for the period 2011-12 to 2014-15.

    Post representations made by the Company, the Learned Principal Commissioner of Service Tax, Pune, adjudicated the aforesaid show-cause notice and issued an order on May 29, 2017, reducing the demand to ₹165.51 million based on the period of limitation and as a result of that, the said demand now covers financial year 2014-15. The Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017.

    The Company, based on independent legal opinion obtained in respect of issues related to this matter, believes that the liability is not likely to arise and therefore, no provision is considered necessary in the financial statements. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Company will be eligible to claim credit/refund for the amount paid.

    The GST department has filed an appeal on October 11, 2017 with appellate authorities against the Order passed by Learned Principal Commissioner of Service Tax, Pune. Though the GST department has acknowledged the ground of revenue neutrality, the said appeal mainly questions non-application of extended period of limitation. The Company has filed reply to this appeal on December 18, 2017.

    Considering the view of the Service Tax Authorities, based on legal advice, and due prudence, the Company has deposited, an amount of ₹ 647.36 million towards service tax in respect of the above matter, for the period from April 01, 2014 to June 30, 2017, under protest.

    As on December 31, 2018, the pending litigations in respect of direct taxes amount to ₹ 256.96 million and in respect of indirect taxes amount to ₹ 30.40 million (excluding the show cause received from Commissioner of Service Tax on May 29, 2017 of ₹ 165.51 million under import of services on reverse charge basis as mentioned above). Based on the advice obtained and judgments in favour of the Company at the first appellate authority in the earlier years, management does not expect any outflow in respect of these litigations.

32. As reported in the previous quarter, the Company has deposits of ₹ 430 million with the financial institutions viz. Infrastructure Leasing & Financial Services Ltd. (IL&FS) and IL&FS Financial Services Ltd. (referred to as "IL&FS Group") as on the balance sheet date. These are due for maturity from January 2019 to June 2019, the first deposit being due on 28th January 2019. In August 2018, credit rating agency, has significantly downgraded the IL& FS Group's rating. As of December 31, 2018, there have been no defaults in payment of interest on the aforesaid deposits. At this stage, it is difficult to estimate the ultimate probable loss if any. Accordingly, the management of the Company believes that there is no immediate need to recognize any impairment on the above deposits as of December 31, 2018. The Company will continue to monitor the developments in this matter for the purpose of determining the financial reporting impact, if any.

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