

Deloitte Haskins & Sells LLP

Chartered Accountants
706, 'B' Wing, 7th Floor
ICC Trade Tower
Senapati Bapat Road
Pune – 411 016
Maharashtra, INDIA

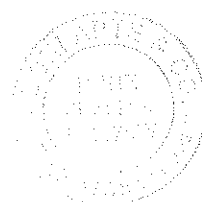
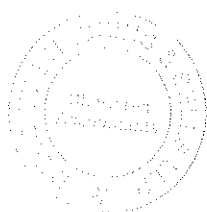
Joshi Apte & Co.
Chartered Accountants
“Dwarka”, First Floor
2 Phatak Baug Society
999 Navi Peth, Pune – 411 030

INDEPENDENT AUDITORS' REPORT ON AUDIT OF INTERIM FINANCIAL RESULTS TO THE BOARD OF DIRECTORS OF PERSISTENT SYSTEMS LIMITED

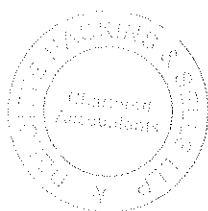
1. We have audited the accompanying Statement of Consolidated Financial Results of **PERSISTENT SYSTEMS LIMITED** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the Quarter ended June 30, 2016 ("the Statement"), being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. This Statement, which is the responsibility of the Holding Company's Management and approved by the Board of Directors, has been prepared on the basis of the related interim consolidated financial statements in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement.
2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Holding Company's preparation and fair presentation of the Statement 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 Holding Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

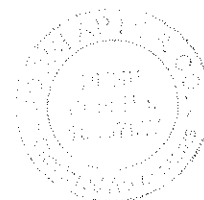
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



3. The condensed consolidated financial statements includes financial statements of all the subsidiaries which reflect total assets (net) of Rs. 4,509.22 Million as at June 30, 2016, total revenue (net) of Rs. 3,814.42 Million and total net profit after tax of Rs. 322.32 Million for the quarter then ended, which have been audited by M/s Joshi Apte & Co. and not by Deloitte Haskins & Sells LLP.
4. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
- a. includes the results of the following entities:
- | | |
|--|---|
| • Persistent Systems, Inc. | • Aepona Group Limited |
| • Persistent Systems Pte Limited | • Aepona Limited |
| • Persistent Systems France SAS | • Valista Limited |
| • Persistent Telecom Solutions Inc. | • Valista Inc.* |
| • Persistent Systems Malaysia Sdn. Bhd. | • Aepona Software (Private) Limited |
| • Akshat Corporation (d.b.a. RGen Solutions) | • Persistent Systems Mexico, S.A. de C.V. |
| • Aepona Holdings Limited | • Persistent Systems Israel Ltd. |
- * the entity ceased to exist from June 28, 2016.
- b. is presented in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and
- c. gives a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India of the consolidated net profit, consolidated total comprehensive income and other financial information of the Group for the Quarter ended June 30, 2016.



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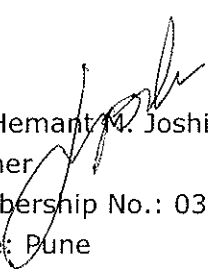


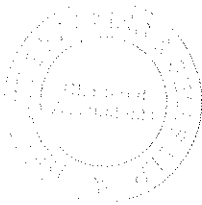
5. We have not audited or reviewed the consolidated financial results and other financial information for the Quarter ended March 31, 2016 which have been presented solely based on the financial information compiled by the Management.

For Deloitte Haskins & Sells LLP

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

Chartered Accountants


per Hemant M. Joshi
Partner
Membership No.: 038019
Place: Pune
Date: July 23, 2016

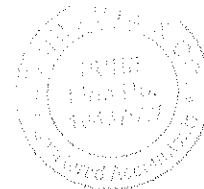


For Joshi Apte & Co.

ICAI Firm Registration No: 104370W

Chartered Accountants


per C. K. Joshi
Partner
Membership No.: 030428
Place: Pune
Date: July 23, 2016



Audited consolidated financial results of Persistent Systems Limited for the quarter ended June 30, 2016

Part I

Sr. No.	Particulars		in Rs. Million			
			Quarter ended		Year ended	
			June 30, 2016 (Audited)	March 31, 2016 (Unaudited)*	June 30, 2015 (Audited)	March 31 2016 (Audited)
1	Income					
	Income from operations (net)		7,017.77	6,771.10	5,004.16	23,123.31
	Total Income from Operations (net)		7,017.77	6,771.10	5,004.16	23,123.31
2	Expenses					
	- Employee benefits expense		4,412.47	4,203.17	3,065.47	14,067.60
	- Cost of technical professionals		431.97	486.96	307.23	1,586.63
	- Depreciation and amortization expense		342.81	264.76	226.61	990.13
	- Other expenses		1,115.82	1,085.97	769.04	3,554.00
	Total Expenses		6,303.07	6,040.86	4,368.35	20,198.36
3	Profit/ (Loss) from operations before other income, finance cost and exceptional items	(1-2)	714.70	730.24	635.81	2,924.95
4	Other income		253.49	213.40	160.42	772.88
5	Profit/ (Loss) from ordinary activities before finance cost and exceptional items	(3+4)	968.19	943.64	796.23	3,697.83
6	Finance cost		0.19	0.20	0.26	0.92
7	Profit/ (Loss) from ordinary activities after finance cost but before exceptional items	(5-6)	968.00	943.44	795.97	3,696.91
8	Exceptional items		-	-	-	-
9	Profit/ (Loss) from ordinary activities before tax	(7+8)	968.00	943.44	795.97	3,696.91
10	Tax expense		235.14	215.86	234.48	923.92
11	Net Profit/ (Loss) from ordinary activities after tax	(9-10)	732.86	727.58	561.49	2,772.99
12	Extra-ordinary items		-	-	-	-
13	Net Profit/ (Loss) for the period	(11-12)	732.86	727.58	561.49	2,772.99
14	Share of Profit/ (Loss) of associates		-	-	-	-
15	Minority Interest		-	-	-	-
16	Net Profit/ (Loss) after taxes, minority interest and share of Profit/ (Loss) of associates	(13+14+15)	732.86	727.58	561.49	2,772.99
17	Other comprehensive income for the period		65.72	131.39	91.98	296.17
18	Total Comprehensive Income for the period	(16+17)	798.58	858.97	653.47	3,069.16
19	Paid-up equity share capital (Face value of share Rs. 10 each)		800.00	800.00	800.00	800.00
20	Reserves excluding revaluation reserves					15,826.25
21	Earnings per share (EPS) in Rs.					
(i)	Before extra ordinary items (not annualised)					
	- Basic		9.16	9.09	7.06	34.74
	- Diluted		9.16	9.09	7.02	34.66
(ii)	After extra ordinary items (not annualised)					
	- Basic		9.16	9.09	7.06	34.74
	- Diluted		9.16	9.09	7.02	34.66
	Dividend per share (in Rs.)					
	Interim dividend		-	3	-	8
	Final dividend		-	-	-	-
	Total dividend		-	3	-	8

Audited unconsolidated financial information

Particulars	in Rs. Million			
	Quarter ended		Year ended	
	June 30, 2016 (Audited)	March 31, 2016 (Unaudited)*	June 30, 2015 (Audited)	March 31 2016 (Audited)
Income from operations (net)	4,172.95	3,807.65	3,355.19	14,471.36
Profit before tax	1,040.95	738.94	1,044.93	3,464.20
Profit after tax	796.74	516.48	757.45	2,495.99



Anand Dashparde

Segment wise Revenue, Results and Capital Employed

Sr. No.	Particulars	in Rs. Million
		Quarter ended June 30, 2016 (Audited)
1	Segment revenue	
	- Services	3,338.22
	- Digital	1,002.01
	- Alliance	2,110.61
	- Accelerite (Products)	566.93
	Total	7,017.77
2	Less: Inter segment revenue	-
3	Net sales/income from operations	7,017.77
4	Segment results profit/ (loss) before tax, interest and depreciation and amortization	
	- Services	1,420.09
	- Digital	263.82
	- Alliance	657.77
	- Accelerite (Products)	238.24
	Total	2,579.92
5	Less:	
	- Finance cost	0.19
	- Other un-allocable expenses	1,865.22
6	Un-allocable income	253.49
7	Total profit before tax	968.00

* Refer note 3

Notes for segment wise information:

The Group reorganised itself into 4 business units effective from April 1, 2016, whose results are evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Group's chief operating decision maker is the CEO and Managing Director. These business units have been identified as the operating segments from April 1, 2016. Discrete financial information for these business units/ operating segments for the earlier periods is not available. Hence the comparative information for the quarter ended June 2015 and year ended March 2016 is not provided.

Segment wise capital employed

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

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Anand Dushpande

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Notes:

- 1 The audited financial statements for the quarter ended June 30, 2016, have been taken on record by the Board of Directors at its meeting concluded on July 23, 2016 as recommended by the Audit Committee at its meeting held on July 22, 2016. The statutory auditors have expressed an unqualified audit opinion.
- 2 The Company adopted Indian Accounting Standards (Ind AS) from April 1, 2016 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 - Interim Financial Reporting prescribed under section 133 of the Companies Act 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 - Interim Financial Reporting.
- 3 The financial result for the quarter ended March 31, 2016 has not been reviewed or audited and has been presented based on the information compiled by the management after making the necessary adjustments to give a true and fair view of the results in accordance with Ind AS.
- 4 Figures for the previous periods/ year have been regrouped wherever necessary to conform to current period presentation.
- 5 Reconciliations between the financial results as previously reported (referred to as Previous GAAP) and Ind AS are as under:

in Rs. Million

	Quarter ended		Year ended
	March 31, 2016	June 30, 2015	March 31, 2016
Net Profit under Previous GAAP	808.07	672.16	2,973.61
Actuarial (gain)/ loss on employee defined benefit funds recognised in Other Comprehensive income (net of tax effect)	(46.76)	(88.91)	(179.60)
Effect of stock compensation expenses recognised at fair value	(3.76)	(3.76)	(16.67)
Effect of measuring investments in mutual funds at Fair Value through Profit and Loss	(33.59)	(38.13)	(14.16)
Effect of amortization of intangibles recognised on business combination	(8.84)	-	(25.49)
Effect of Deferred tax (charge)/ credit recognised	8.15	13.20	15.67
Effect of reversal of rent escalation provision	4.40	6.98	19.97
Effect of Deposits measured at amortised cost	(0.09)	(0.05)	(0.34)
Net Profit under Ind AS	727.58	561.49	2,772.99

By order of Board of Directors of Persistent Systems Limited



Anand Deshpande

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar

Kiran Umrootkar
Director

Pune
July 23, 2016

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

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