Aepona Limited

CONDENSED BALANCE SHEET AS AT MARCH 31, 2016

	Notes	As at March 31, 2016 (In ₹)
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	1	1,230,620,264
Reserves and surplus	2	(1,137,001,443)
	(A)	**93,618,821**
Non- current liabilities		
Long-term borrowings	3	231,320,232
	(B)	**231,320,232**
Current liabilities		
Short-term borrowings	4	2,709,661
Trade payables	5	168,127,348
Other current liabilities	5	160,590,527
Short-term provisions	6	6,089,530
	(C)	**337,517,066**
TOTAL	**(A)+(B)+(C)**	**662,456,119**
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	7.1	7,205,900
Intangible assets	7.2	933,132
Capital work in progress		226,324
Intangibles under development		49,110,399
		57,475,755
Long-term loans and advances	8	8,534,010
	(A)	**66,009,765**
Current assets		
Trade receivables	9	192,350,115
Cash and bank balances	10	76,699,707
Short-term loans and advances	11	310,600,197
Other current assets	12	16,796,335
	(B)	**596,446,354**
TOTAL	**(A)+(B)**	**662,456,119**
Summary of significant accounting policies	20	

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

As per our report of even date

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

per C.K. Joshi
Partner
Membership No.030428

Place: Pune
Date : April 23, 2016

For and on behalf of the Board of Directors of
Aepona Limited

Dr. Anand Deshpande
Director

Place: Pune
Date : April 23, 2016

Sunil Sapre
Director

Place: Pune
Date : April 23, 2016

Aepona Limited

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2016

	Notes	For the quarter ended March 31, 2016 (In ₹)	For the period ended March 31, 2016 (In ₹)
Income			
Revenue from operations (net)	13	219,329,143	472,839,590
Other income	14	-	150,007
Total revenue (A)		**219,329,143**	**472,989,597**
Expenses			
Employee benefits expense	15.1	26,818,343	82,083,461
Cost of technical professionals	15.2	121,160,645	204,004,519
Finance costs		1,911,887	2,739,112
Depreciation and amortization expense	7.3	4,935,038	13,335,015
Other expenses	16	52,095,128	94,081,228
Total expenses (B)		**206,921,041**	**396,243,335**
Profit before tax (A - B)		**12,408,102**	**76,746,262**
Tax expense			
Current tax		-	-
Tax credit in respect of earlier years		-	-
Deferred tax charge / (credit)		-	-
Total tax expense		**-**	**-**
Net profit for the period / year		**12,408,102**	**76,746,262**
Earnings per equity share [Nominal value of share GBP 1 each]	17		
Basic (In ₹)		1.00	6.19
Diluted (In ₹)		1.00	6.19
Summary of significant accounting policies	20		

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

As per our report of even date

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

For and on behalf of the Board of Directors of
Aepona Limited

per C.K. Joshi
Partner
Membership No.030428

Dr. Anand Deshpande
Director

Sunil Sapre
Director

Place: Pune
Date : April 23, 2016

Place: Pune
Date : April 23, 2016

Place: Pune
Date : April 23, 2016

Aepona Limited

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2016

		For the period ended March 31, 2016 (In ₹)
Cash flow from operating activities		
Profit before tax		**76,746,262**
Adjustments for:		
Interest income		
Finance cost		2,739,112
Depreciation and amortization expense		13,335,015
Unrealised exchange (gain)/ loss (net)		(5,237,944)
Exchange (gain)/ loss on translation of foreign currency cash and cash equivalents		(71)
Operating profit before working capital changes		**87,582,374**
Movements in working capital :		
(Increase) in trade receivables		(191,677,348)
(Increase)/ Decrease in other current assets		(16,796,335)
(Increase)/ Decrease in loans and advances		(64,456,984)
Increase in trade payables and current liabilities		159,213,075
(Decrease)/ Increase in provisions		(105,988,766)
Operating profit after working capital changes		**(132,123,984)**
Direct taxes paid (net of refunds)		-
Net cash generated from operating activities	**(A)**	**(132,123,984)**
Cash flows from investing activities		
Payment towards capital expenditure		(17,088,407)
Net cash (used in) investing activities	**(B)**	**(17,088,407)**
Cash flows from financing activities		
Inter corporate deposits received		228,597,494
Interest paid		(2,690,623)
Net cash (used in) financing activities	**(C)**	**225,906,871**
Net (Decrease)/ increase in cash and cash equivalents (A + B + C)		76,694,480
Cash and cash equivalents at the beginning of the year		
Cash acquired on acquisition		5,156
Effect of exchange differences on translation of foreign currency cash and cash equivalents		71
Cash and cash equivalents at the end of the period/year		**76,699,707**
Components of cash and cash equivalents		
Balances with banks		
On current accounts		76,699,707
Cash and cash equivalents as per note 10		**76,699,707**

Summary of significant accounting policies - Refer note 20

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

As per our report of even date

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

per C.K. Joshi
Partner
Membership No.030428

Place: Pune
Date : April 23, 2016

For and on behalf of the Board of Directors of
Aepona Limited

Dr. Anand Deshpande
Director

Place: Pune
Date : April 23, 2016

Sunil Sapre
Director

Place: Pune
Date : April 23, 2016

Aepona Limited

Notes forming part of condensed financial statement

	As at March 31, 2016 (In ₹)
1. Share Capital	
Authorised	
12,393,827 Ordinary shares of GBP 1 each.	**GBP 12,393,827**
	GBP 12,393,827
Issued, subscribed and paid-up	
12,393,827 Ordinary shares of GBP 1 each.	1,230,620,264
All the shares are held by Aepona Group Limited	
	1,230,620,264

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

2. Reserves and surplus

	As at March 31, 2016 (In ₹)
A. Currency translation reserve	
Balance as per last financial statements	-
Addition / (deduction) during the period/ year	(1,920,870)
	(1,920,870)
B. Surplus in the statement of profit and loss	
Balance as per last financial statements	(1,211,826,835)
Net profit for the period/ year	76,746,262
	(1,135,080,573)
	(1,137,001,443)

3. Long-term borrowings

	As at March 31, 2016 (In ₹)
Term loans (unsecured)	
Borrowings from related parties	
Inter corporate deposit from Valista Inc.	89,427,375
(Repayment terms : After 36 months @ Libor plus 3%)	
Inter corporate deposit from Valista Ltd.	141,892,857
(Repayment terms : After 36 months @ Libor plus 3%)	
	231,320,232

4. Short-term borrowings

	As at March 31, 2016 (In ₹)
Advance from related parties	
- Persistent Systems Limited	379,045
- Aepona (Software) Private Limited	2,306,704
- Persistent Telecom Solutions Inc.	23,912
	2,709,661

5. Trade payables and other current liabilities

	As at March 31, 2016 (In ₹)
Trade payables	168,127,348
	168,127,348
Other current liabilities	
Unearned revenue	98,066,975
Interest accrued and due on borrowings from related parties*	48,489
Advance from customers	18,680,390
Capital creditors	32,248,318
VAT payable	4,258,807
Statutory liabilities	7,287,548
	160,590,527

*Interest accrued and due on borrowings from related parties include the following

Valista Inc.	28,815
Valista Ltd.	19,674
	48,489

6. Short-term provisions

	As at March 31, 2016 (In ₹)
Provision for employee benefits	
- Leave encashment	5,871,374
- Other employee benefits	218,156
	6,089,530

Aepona Limited

Notes forming part of condensed financial statement

7.1 Tangible assets

Amount (In ₹)

	Computers	Plant and equipment	Leasehold improvements	Furniture and fixtures	Total
Gross block (At cost)					
Balance as on April 1, 2015	-	-	-	-	-
Additions on acquisition	308,827,285	316,814	51,158,845	4,812,676	365,115,620
Other adjustments					
- Exchange differences	(11,956,470)	(12,266)	(1,980,652)	(186,326)	(14,135,714)
As at March 31, 2016	**296,870,815**	**304,548**	**49,178,193**	**4,626,350**	**350,979,906**
Depreciation and amortization					
Balance as on April 1, 2015					
Additions on acquisition	293,631,907	316,814	47,134,341	4,395,671	345,478,733
Charge for the period	7,842,458	-	3,929,792	82,805	11,855,055
Other adjustments					
- Exchange differences	(11,490,107)	(12,266)	(1,885,940)	(171,469)	(13,559,782)
As at March 31, 2016	**289,984,258**	**304,548**	**49,178,193**	**4,307,007**	**343,774,006**
Net block					
As at March 31, 2016	**6,886,557**	**-**	**-**	**319,343**	**7,205,900**

7.2 Intangible assets

Amount (In ₹)

	Software	Total
Gross block (At cost)		
Balance as on April 1, 2015	-	-
Additions on acquisition	65,890,595	65,890,595
Other adjustment		
- Exchange differences	(2,551,002)	(2,551,002)
As at March 31, 2016	**63,339,593**	**63,339,593**
Amortization		
Balance as on April 1, 2015	-	-
Additions on acquisition	63,404,253	63,404,253
Charge for the period	1,479,960	1,479,960
Other adjustment		
- Exchange differences	(2,477,752)	(2,477,752)
As at March 31, 2016	**62,406,461**	**62,406,461**
Net block		
As at March 31, 2016	**933,132**	**933,132**

7.3 Depreciation and amortization

Amount (In ₹)

	For the quarter ended March 31, 2016	For the period ended March 31, 2016
On tangible assets	4,250,295	11,855,055
On intangible assets	684,743	1,479,960
	4,935,038	**13,335,015**

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8. Long term loans and advances

	As at March 31, 2016 (In ₹)
Advance income tax (Net of provision for income tax)	8,534,010
	8,534,010

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Aepona Limited

Notes forming part of condensed financial statement

9. Trade receivables

	As at March 31, 2016 (In ₹)
Outstanding for a period less than six months from the date they are due for payment*	
Unsecured, considered good	192,350,115
Unsecured, considered doubtful	-
	192,350,115

10. Cash and bank balances

	As at March 31, 2016 (In ₹)
Cash and cash equivalents as presented in cash flow statement	
Balances with banks	
On current accounts	76,699,707
	76,699,707

11. Short term loans and advances

	As at March 31, 2016 (In ₹)
Advance to related parties	
Unsecured, considered good	
- Persistent Systems, Inc.	282,548,988
Others	
Unsecured, considered good	
Advances recoverable in cash or kind or for value to be received	28,051,209
	310,600,197

12. Other current assets

	As at March 31, 2016 (In ₹)
Unbilled revenue	16,796,335
	16,796,335

Notes forming part of condensed financial statement

13 Revenue from operations (net)

	For the quarter ended March 31, 2016 (In ₹)	For the period ended March 31, 2016 (In ₹)
Software services	219,329,143	472,839,590
	219,329,143	**472,839,590**

14 Other income

	For the quarter ended March 31, 2016 (In ₹)	For the period ended March 31, 2016 (In ₹)
Foreign exchange gain (net)	-	150,007
	-	**150,007**

15. Personnel expenses

	For the quarter ended March 31, 2016 (In ₹)	For the period ended March 31, 2016 (In ₹)
15.1 Employee benefits expense		
Salaries, wages and bonus	24,403,937	78,879,638
Staff welfare and benefits	2,414,406	3,203,823
	26,818,343	**82,083,461**
15.2 Cost of technical professionals		
Technical professionals - related parties	103,359,976	172,463,366
Technical professionals - others	17,800,669	31,541,153
	121,160,645	**204,004,519**
	147,978,988	**286,087,980**

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Aepona Limited

Notes forming part of condensed financial statement

16. Other expenses

	For the quarter ended March 31, 2016 (In ₹)	For the period ended March 31, 2016 (In ₹)
Travelling and conveyance	587,170	1,912,771
Electricity expenses	3,148,548	5,944,461
Internet link expenses	3,069,948	6,016,517
Communication expenses	1,700,851	1,814,732
Recruitment expenses	12,120	12,120
Purchase of software licenses and support expenses	23,256,309	43,442,833
Rent	4,318,463	7,654,115
Insurance	761,317	3,365,780
Rates and taxes	28,356	36,359
Legal and professional fees	10,516,957	19,864,166
- Plant and Machinery	1,074,979	1,252,462
- Others	21,240	25,213
Advertisement and sponsorship fees	75,141	75,141
Computer consumables	59,892	112,601
Auditors' remuneration	258,292	1,444,888
Foreign exchange loss (net)	2,351,888	-
Miscellaneous expenses	853,657	1,107,069
	52,095,128	**94,081,228**

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17. Earnings per share

		For the quarter ended March 31, 2016	For the period ended March 31, 2016
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ₹)	(A)	12,408,102	76,746,262
Denominator for Basic EPS			
Weighted average number of equity shares	(B)	12,393,827	12,393,827
Denominator for Diluted EPS			
Number of equity shares	(C)	12,393,827	12,393,827
Basic Earnings per share of face value of GBP 1 each (In ₹)	(A/B)	**1.00**	**6.19**
Diluted Earnings per share of face value of GBP 1 each (In ₹)	(A/C)	**1.00**	**6.19**

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Notes forming part of condensed financial statement

18. Nature of operations

Aepona Limited ("the Company") is a wholly owned subsidiary of Aepona Group Limited. The Company is 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. The Company has been acquired by Persistent Systems Inc. on October 2, 2015 by virtue of share purchase agreement with ultimate parent company Aepona Holdings Ltd.

19. Basis of preparation

The condensed financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) to comply in all material respects with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. These condensed financial statements are prepared on an accrual basis and under the historical cost convention.

The condensed interim financial statements for the quarter and period ended on March 31, 2016 have been prepared in accordance with Accounting Standard 25 read with Rule 7 of the Companies (Accounts) Rules, 2014.

20. Summary of significant accounting policies

(a) Accounting year

The accounting year of the Company is from January 01 to December 31. Ultimate parent Company Aepona Holdings Limited was acquired by Persistent Systems, Inc. on October 2nd, 2015. The accounts have been prepared from the date of acquisition and hence prior period/year numbers are not presented. The Profit/Loss till October 2nd, 2015 is considered in reserves therefore profit & loss account of the company consists of only the results for the period from October 3, 2015 to March 31, 2016. These financial statements have been prepared only for the purpose of consolidation.

(b) Functional currency

The Company's functional currency is GBP.

(c) Use of estimates

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

(d) Tangible fixed assets

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

Notes forming part of condensed financial statement

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

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

(e) Intangible assets

(i) Acquired intangible assets

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

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

(ii) Research and development cost

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

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

(f) Depreciation and amortization

Depreciation on tangible fixed assets is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management.

The management estimates the useful lives for the fixed assets as follows:

Assets	Useful Lives
Computers	3
Computers - Servers and networks*	3*
Software	3
Office equipments	5
Plant and equipments	5
Furnitures and Fixtures	5

Notes forming part of condensed financial statement

*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 In ₹ 5,000 are fully depreciated in the year of acquisition.

Leasehold land is amortized on straight line basis over the period of the lease which is 95 years.

Leasehold improvements are amortized over the period of lease or useful life, whichever is lower.
Intangible assets are amortized on a straight line basis over their estimated useful lives commencing from the day the asset is made available for use.

(g) Impairment of tangible and intangible assets

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

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

(h) Borrowing costs

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

(i) Leases

Where the Company is a lessee

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

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

(j) Revenue recognition

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

(i) Income from software services

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

Notes forming part of condensed financial statement

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

Revenue from royalty is recognized in accordance with the terms of the relevant agreements.
Revenue from maintenance contracts and subscription is recognized on a pro-rata basis over the period of the contract.

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

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

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

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

(ii) Interest

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

(iii) Dividend

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

(k) Investments

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

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

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

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.
Long-term investments presented as non- current investments are carried at cost.

(l) 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.

(m) Foreign currency translation

i. Initial recognition

Notes forming part of condensed financial statement

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

ii. Conversion

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

The exchange difference arising out of the period / year end conversion is translated to Currency Translation Reserve and the said amount is shown under the head “Reserves and Surplus”.

iii. Settlement

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

iv. Translation of integral and non-integral foreign operation

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

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

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.
When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

(n) Retirement and other employee benefits

(i) 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.

(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 HM Revenue and Customs. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current reporting period and reversal of timing differences of earlier reporting periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

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

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

(p) Earnings per share (EPS)

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

For the purpose of calculating diluted earnings per share, the net profit for the period / 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.

(q) Provisions

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

(r) Contingent liabilities

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

Notes forming part of condensed financial statement

where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the condensed financial statements.

21. Deferred tax

The Company has not recognised deferred tax asset arising for unabsorbed carried forward tax losses since there is no virtual certainty that they can be realized against future taxable profits.

As per our report of even date

For Joshi Apte &Co., **Firm registration no. 104370W** **Chartered Accountants**	**For and on behalf of the Board of Directors of** **Aepona Limited**	
per C.K. Joshi Partner Membership No.030428 Place: Pune Date: April 23, 2016	Dr. Anand Deshpande Director Place: Pune Date: April 23, 2016	Sunil Sapre Director Place: Pune Date: April 23, 2016