

Akshat Corporation (dba Rgen Solutions)**CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2015**

	Note	As at September 30, 2015 (In ₹)
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	1	-
Reserves and surplus	2	14,203,241
	(A)	14,203,241
Non- current liabilities		
Long-term borrowings	3	26,232,000
	(B)	26,232,000
Current liabilities		
Short term borrowings	4	82,131
Trade payables	5	8,743,813
Other current liabilities	5	25,956,608
Short-term provisions	6	14,499,737
	(C)	49,282,289
TOTAL	(A)+(B)+(C)	89,717,530
ASSETS		
Non-current assets		
Fixed assets		
- Tangible assets	7	115
		115
Deferred tax assets (net)	8	3,867,187
	(A)	3,867,302
Current assets		
Trade receivables	9	61,170,978
Cash and bank balance	10	3,868,396
Short-term loans and advances	11	153,949
Other current assets	12	20,656,905
	(B)	85,850,228
TOTAL	(A) + (B)	89,717,530
Summary of significant accounting policies	19	

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

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
Akshat Corporation (dba RGen Solutions)

per C. K. Joshi
Partner
Membership No. 030428

Director

Director

Place: Pune
Date : October 24, 2015

Place: Pune
Date : October 24, 2015

Place: Santa Clara
Date : October 24, 2015

Akshat Corporation (dba Rgen Solutions)**CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

	Note	For the period ended September 30, 2015 (In ₹)
Income		
Revenue from operations (net)	13	135,996,903
Other income		-
Total revenue (A)		135,996,903
Expenses		
Employee benefit expenses	14.1	92,350,020
Cost of technical professionals	14.2	19,519,314
Other expenses	15	6,316,786
Financial costs		-
Depreciation and amortization expense	7	273,940
Total expenses (B)		118,460,060
Profit before extraordinary items and tax		17,536,843
Extraordinary Items		-
Profit/(Loss) before tax (A - B)		17,536,843
Tax expense		
Current tax		7,686,196
Tax charge in respect of earlier years		-
Deferred tax Charge/(Credit)		(3,788,109)
Total tax expense		3,898,087
Net (Loss)/Profit after tax		13,638,756
Earnings per equity share [nominal value of Share \$ Nil] (Previous period / year \$ Nil)	16	
Basic (In ₹)		13,638.76
Diluted (In ₹)		13,638.76
Summary of significant accounting policies	19	

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Akshat Corporation (dba Rgen Solutions)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

1. Share capital

	As at September 30, 2015 (In ₹)
Authorised	
2,000 (Previous period NIL / year NIL) Common Shares at no par value each.	US \$ 0
	<u>US \$ 0</u>
Issued, subscribed and paid-up	
1,000 (Previous period / year - Nil) Common Shares at no par value paid up. All shares are held by Holding Company viz. Persistent Systems Inc.	-
	<u>-</u>

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

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

2. Reserves and surplus

	As at September 30, 2015 (In ₹)
A. Foreign currency translation reserve	
Balance as per last financial statements	-
Add: Exchange difference during the period / year on net investment in non-integral foreign operation	292,757
	<u>292,757</u>
	(A)
C. Profit and loss account	
Balance as per last financial statements (Refer Note 19 A)	271,728
Profit after tax for the reporting period	13,638,756
	<u>13,910,484</u>
	(B)
	(A+B)
	<u>14,203,241</u>

3. Long-term borrowings

	As at September 30, 2015 (In ₹)
Unsecured	
Inter company borrowing	
- Persistent Systems Inc.	26,232,000
	<u>26,232,000</u>

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Akshat Corporation (dba Rgen Solutions)**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS****4. Short term borrowings**

	As at September 30, 2015 (In ₹)
Loans and advances from related parties	
-Persistent Systems Inc.	82,131
	<u>82,131</u>

5. Trade payables and other current liabilities

	As at September 30, 2015 (In ₹)
Trade payables	8,743,813
	<u>8,743,813</u>
Other current liabilities	
Other payables	
- Accrued employee liabilities	13,272,789
Payable to Selling Shareholders	12,683,819
	<u>25,956,608</u>

6. Short-term provisions

	As at September 30, 2015 (In ₹)
Provision for employee benefits	
- Leave encashment	6,653,090
Provision for income tax (net of advance tax)	7,846,647
	<u>14,499,737</u>

Akshat Corporation (dba Rgen Solutions)**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS****7 Tangible assets**

	(In `)	
	Computers	Total
Gross block		
As at April 1, 2015	-	-
Additions	271,728	271,728
Disposals		-
Other adjustments		
- Exchange differences	8,045	8,045
As at September 30, 2015	279,773	279,773
Depreciation		
As at April 1, 2015	-	-
Charge for the period	273,940	273,940
Disposals		-
Other adjustments		
- Exchange differences	5,718	5,718
As at September 30, 2015	279,658	279,658
Net block		
As at September 30, 2015	115	115
As at March 31, 2015	-	-

8. Deferred tax assets

	As at September 30, 2015 (In ₹)
Deferred tax assets	
Difference in depreciation as per books of US tax laws	1,605,137
Leave encashment	2,262,050
Deferred tax asset	3,867,187

9. Trade receivables

	As at September 30, 2015 (In ₹)
Outstanding for a period exceeding six months from the date they are due for payment	
Unsecured (considered good)	-
Unsecured (considered doubtful)	-
Less : Provision for doubtful debts	-
Others	
Unsecured (considered good)	61,170,978
Unsecured (considered doubtful)	-
Less : Provision for doubtful debts	-
	61,170,978
	61,170,978

10. Cash and bank balance

	As at September 30, 2015 (In ₹)
Cash and cash equivalents as presented in cash flow statement	
Balances with banks	
On current account	3,868,396
	3,868,396

11. Short-term loans and advances

	As at September 30, 2015 (In ₹)
Others	
- Advances recoverable in cash or kind or for value to be received	153,949
	153,949

12. Other current assets

	As at September 30, 2015 (In ₹)
Unbilled revenue	20,656,905
	20,656,905

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**13. Revenue from operations**

	For the period ended September 30, 2015 (In ₹)
Software services	135,996,903
	135,996,903

14. Personnel expenses

	For the period ended September 30, 2015 (In ₹)
14.1 Employee benefit expenses	
Salaries and wages	92,028,825
Defined contribution to other funds	
Staff welfare and benefits	321,195
	92,350,020
14.2 Cost of technical, professionals	
Technical professionals - Related parties	1,249,962
Technical professionals - Others	18,269,352
	19,519,314
	111,869,334

15. Other expenses

	For the period ended September 30, 2015 (In ₹)
Travelling and conveyance	575,092
Internet link expenses	20,831
Communication expenses	32,865
Recruitment expenses	959,001
Purchase of software licenses and support expenses	21,195
Rent	500,165
Rates, fees and profession tax	3,364,809
Legal and professional fees	631,489
Auditors' remuneration	9,893
Books, memberships, subscriptions	4,496
Miscellaneous expenses	196,950
	6,316,786

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Akshat Corporation (dba Rgen Solutions)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

16. Earnings per share

Particulars		For the period ended
		September 30, 2015 (In ₹)
Basic earnings per share		
<u>Numerator</u>		
Net Profit / (loss) after tax	A	13,638,756
<u>Denominator</u>		
Weighted average number of equity share	B	1,000
Basic/diluted earnings per share (Face value of US \$ Nil each)	A / B	13,639

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Akshat Corporation (dba RGen Solutions)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

17. Nature of operations

Akshat Corporation (dba RGen Solutions) (The Company) is a wholly owned subsidiary of Persistent Systems Inc. The Company is specialized in software product, services and technology innovation.

18. 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 accounting policies are consistently applied by the Company during the period/ year and are consistent with those used in previous period/ year.

The condensed interim financial statements for the period ended on September 30, 2015 have been prepared in accordance with Accounting Standard 25 read with Rule 7 of the Companies (Accounts) Rules, 2014

19. Summary of significant accounting policies

A. Accounting year

The accounting year of the Company is from April 01 to March 31. The company has been acquired by Persistent Systems Inc. on July 2nd 2015. The accounts have been prepared from the date of acquisition and hence prior year numbers are not presented. The profit till July 2nd 2015 considered in reserves, therefore profit & loss account of the company consists of only the results for the period from July 2nd 2015 to September 30, 2015. These financial statements have been prepared only for the purpose of consolidation as per Accounting Standard 21.

B. Functional currency

The company's functional currency is the U.S. Dollar

C. Use of estimates

The preparation of the condensed financial statements in conformity with Indian GAAP 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 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.

D. Tangible fixed assets

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

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

Akshat Corporation (dba Rgen Solutions)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

Gains or losses arising from derecognition 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 derecognized.

E. Intangible assets

a) Acquired intangible assets

Intangible assets including software licenses of enduring nature and acquired contractual rights acquired separately are measured on initial recognition at cost. Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangible assets, excluding capitalized development costs are reflected as expenditure in the statement of profit and loss in the reporting year in which these are incurred.

Gains or losses arising from derecognition 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 derecognized.

b) 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 and use or sell it;
- 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 capitalized expenditure is reflected as intangibles 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 commenced when the development is complete and the asset is available for use.

F. Depreciation and amortisation

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 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Furniture and fixtures*	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

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

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

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangements 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 a part of the cost of the respective asset. All other borrowing costs are expensed in the year in which they occur.

I. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on category basis.

Long-term investments presented as non-current investments are carried at cost.

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 licenses and services

Revenue from time and material engagements is recognised on time basis in accordance with the terms of the contracts.

Revenue from fixed price engagements is recognised in accordance with the proportionate completion method as per terms of contracts.

Revenue from licensing of software is recognised upon delivery.

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

Revenue from royalty is recognised on sale of products in accordance with the terms of the relevant agreement.

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.

Akshat Corporation (dba Rgen Solutions)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognised as per the terms of contract.

The company collects sales tax on behalf of the government and, therefore, these are not economic benefits following to the company. Hence, they are excluded from revenue.

ii. Interest

Income from interest is recognised 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. Dividends

Income from dividend is recognised when the Company's right to receive payment is established by the Balance Sheet date. Dividend from subsidiaries is recognised even if such dividend is declared after the Balance Sheet date but pertains to period on or before the date of Balance Sheet as per the requirement of Schedule III of the Companies Act, 2013.

K. Foreign currency transaction and translation

i. Initial recognition

Foreign currency transactions are recorded in the functional currency viz. USD 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 US Dollars, 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 and investments 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 year.

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, 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/year in which the transaction is settled.

L. Retirement and other employee benefits

i. Gratuity

The Company is not liable to pay gratuity as per the payment of Gratuity Act 1972.

ii. Superannuation

The Company does not have any superannuation scheme.

iv. Provident fund

The Company is not liable to pay Provident Fund as per the Provident Fund Act 1952.

Akshat Corporation (dba Rgen Solutions)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

v. Leave encashment

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

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

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

M. 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 United States of America's tax laws. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In situation 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 balance sheet 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.

N. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, bank deposits and short-term investments with an original maturity of three months or less.

O. 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.

P. Earnings per share (EPS)

The earnings considered in ascertaining EPS comprise the amount attributable to Equity Shareholders. The number of shares used in computing the basic earning per share is the weighted average number of shares outstanding during the year.

Akshat Corporation (dba Rgen Solutions)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

Q. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources 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 balance sheet date. These 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 where there is a liability that cannot be recognized because it cannot be measured reliably.

The Company does not recognize a contingent liability but discloses its existence in the financial statements.

20. Contingent liability

The Company does not have any contingent liability as on September 30, 2015 (corresponding period/Previous year ₹ Nil).

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
Akshat Corporation (dba RGen Solutions)**

per C.K. Joshi
Partner
Membership No. 030428
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