

Akshat Corporation (dba Rgen Solutions)**CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2015**

	Note	As at December 31, 2015 (In ₹)
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	1	-
Reserves and surplus	2	19,159,107
	(A)	19,159,107
Current liabilities		
Short term borrowings	3	39,003,537
Trade payables	4	8,939,221
Other current liabilities	4	7,045,224
Short-term provisions	5	18,142,736
	(C)	73,130,718
TOTAL	(A)+(B)+(C)	92,289,825
ASSETS		
Non-current assets		
Fixed assets		
- Tangible assets	6	116
		116
Deferred tax assets (net)	7	1,514,046
	(A)	1,514,162
Current assets		
Trade receivables	8	58,131,485
Cash and bank balance	9	16,376,978
Short-term loans and advances	10	875,121
Other current assets	11	15,392,079
	(B)	90,775,663
TOTAL	(A) + (B)	92,289,825
Summary of significant accounting policies	18	

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

Dr. Anand Deshpande
Director

Thomas Klein
Director

Place: Pune
Date : January 22, 2016

Place: Pune
Date : January 22, 2016

Place: Santa Clara
Date : January 22, 2016

Akshat Corporation (dba Rgen Solutions)**CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND PERIOD ENDED DECEMBER 31, 2015**

	Note	For the quarter ended December 31, 2015	For the period ended December 31, 2015 (In ₹)
Income			
Revenue from operations (net)	12	134,922,297	270,919,200
Other income		-	-
Total revenue (A)		134,922,297	270,919,200
Expenses			
Employee benefit expenses	13.1	90,062,098	182,412,118
Cost of technical professionals	13.2	20,642,435	40,161,749
Other expenses	14	11,304,830	17,621,616
Financial costs		-	-
Depreciation and amortization expense	6	2,566	276,506
Total expenses (B)		122,011,929	240,471,989
Profit before extraordinary items and tax		12,910,368	30,447,211
Extraordinary Items		-	-
Profit/(Loss) before tax (A - B)		12,910,368	30,447,211
Tax expense			
Current tax		5,736,563	13,422,759
Tax charge in respect of earlier years		-	-
Deferred tax Charge/(Credit)		2,303,579	(1,484,530)
Total tax expense		8,040,142	11,938,229
Net (Loss)/Profit after tax		4,870,226	18,508,982
Earnings per equity share [nominal value of Share \$ Nil] (Previous period / year \$ Nil)			
Basic (In ₹)	15	4,870	18,509
Diluted (In ₹)		4,870	18,509
Summary of significant accounting policies	18		

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Place: Pune
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Akshat Corporation (dba Rgen Solutions)**CASH FLOW STATEMENT FOR THE PERIOD ENDED DECEMBER 31, 2015**

Particulars	For the period ended December 31, 2015
Cash flow from operating activities	
Profit before taxation	30,447,211
Adjustments for:	
Foreign currency translation reserve	610,865
Depreciation	276,506
Operating profit before working capital changes	31,334,582
Movements in working capital :	
(Increase)/decrease in trade receivable	(46,724,820)
(Increase)/decrease in loans and advances	(15,974,365)
Increase/(decrease) in trade payables and current liabilities	8,373,706
Increase/(decrease) in provisions	1,895,390
Operating profit after working capital changes	(21,095,507)
Direct taxes paid (net of refunds)	-
Net cash flow from operating activities A	(21,095,507)
Cash flows from financing activities	
Intercompany deposit received	-
Net cash flow from financing activities B	-
Net increase in cash and cash equivalents (A + B)	(21,095,507)
Cash and cash equivalents at the beginning of the period from acquired business:	37,472,485
Cash and cash equivalents at the end of the period/ year (Refer Note 9)	16,376,978
Components of cash and cash equivalents as at December 31, 2015	
Bank Balances with Banks	16,376,978
Cash and cash equivalents	16,376,978
(Refer Note 9)	
Summary of significant accounting policies	18

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

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

1. Share capital

	As at December 31, 2015 (In ₹)
Authorised	
2,000 (Previous period NIL / year NIL) Common Shares at no par value each.	US \$ 0
	US \$ 0
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.	-
	-

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 December 31, 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	378,397
(A)	378,397
C. Profit and loss account	
Balance as per last financial statements (Refer Note 18 A)	271,728
Profit after tax for the reporting period	18,508,982
(B)	18,780,710
(A+B)	19,159,107

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**3. Short term borrowings**

	As at December 31, 2015 (In ₹)
Loans and advances from related parties	
-Persistent Systems Inc.	39,003,537
	39,003,537

4. Trade payables and other current liabilities

	As at December 31, 2015 (In ₹)
Trade payables	8,939,221
	8,939,221
Other current liabilities	
Unearned revenue	197,851
Other payables	
- Accrued employee liabilities	6,847,373
	7,045,224

5. Short-term provisions

	As at December 31, 2015 (In ₹)
Provision for employee benefits	
- Leave encashment	4,453,099
Provision for income tax (net of advance tax)	13,689,637
	18,142,736

Akshat Corporation (dba Rgen Solutions)**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS****6. Tangible assets**

			(In ₹)
	Office Equipment	Computers	Total
Gross block			
As at July 2, 2015	-	-	-
Additions		271,728	271,728
Disposals		-	-
Other adjustments			
- Exchange differences		10,391	10,391
As at December 31, 2015	-	282,119	282,119
Depreciation			
As at July 2, 2015		-	-
Charge for the period		276,506	276,506
Disposals		-	-
Other adjustments			
- Exchange differences		5,497	5,497
As at December 31, 2015	-	282,003	282,003
Net block			
As at December 31, 2015	-	116	116
As at March 31, 2015	-	-	-

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS
7. Deferred tax assets

	As at December 31, 2015 (In ₹)
Deferred tax assets	
Leave encashment	1,514,046
Deferred tax asset	<u><u>1,514,046</u></u>

8. Trade receivables

	As at December 31, 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)	58,131,485
Unsecured (considered doubtful)	-
	58,131,485
Less : Provision for doubtful debts	-
	58,131,485
	<u><u>58,131,485</u></u>

9. Cash and bank balance

	As at December 31, 2015 (In ₹)
Cash and cash equivalents as presented in cash flow statement	
Balances with banks	
On current account	16,376,978
	<u><u>16,376,978</u></u>

10. Short-term loans and advances

	As at December 31, 2015 (In ₹)
Others	
- Advances recoverable in cash or kind or for value to be received	875,121
	<u><u>875,121</u></u>

11. Other current assets

	As at December 31, 2015 (In ₹)
Unbilled revenue	15,392,079
	<u><u>15,392,079</u></u>

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**12. Revenue from operations**

	For the quarter ended December 31, 2015 (In ₹)	For the period ended December 31, 2015 (In ₹)
Software services	134,922,297	270,919,200
	134,922,297	270,919,200

13. Personnel expenses

	For the quarter ended December 31, 2015 (In ₹)	For the period ended December 31, 2015 (In ₹)
13.1 Employee benefit expenses		
Salaries and wages	89,994,248	182,023,073
Staff welfare and benefits	67,850	389,045
	90,062,098	182,412,118
13.2 Cost of technical, professionals		
Technical professionals - Related parties	2,866,780	4,116,742
Technical professionals - Others	17,775,655	36,045,007
	20,642,435	40,161,749
	110,704,533	222,573,867

14. Other expenses

	For the quarter ended December 31, 2015 (In ₹)	For the period ended December 31, 2015 (In ₹)
Travelling and conveyance	(119,820)	455,272
Internet link expenses	196	21,027
Communication expenses	23,163	56,028
Recruitment expenses	290,925	1,249,926
Purchase of software licenses and support expenses	580,028	601,223
Rent	763,501	1,263,666
Rates, fees and profession tax	998,137	4,362,946
Legal and professional fees	(101,072)	530,417
Auditors' remuneration	10,078	19,971
Books, memberships, subscriptions	5,481	9,977
Discount allowed	8,657,512	8,657,512
Miscellaneous expenses	196,701	393,651
	11,304,830	17,621,616

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Akshat Corporation (dba Rgen Solutions)**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS****15. Earnings per share**

Particulars		For the quarter ended	For the period ended
		December 31, 2015 (In ₹)	December 31, 2015 (In ₹)
Basic earnings per share			
<u>Numerator</u>			
Net Profit / (loss) after tax	A	4,870,226	18,508,982
<u>Denominator</u>			
Weighted average number of equity share	B	1,000	1,000
Basic/diluted earnings per share (Face value of US \$ Nil each)	A / B	4,870	18,509

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Akshat Corporation (dba Rgen Solutions)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

16. 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.

17. 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 December 31, 2015 have been prepared in accordance with Accounting Standard 25 read with Rule 7 of the Companies (Accounts) Rules, 2014

18. 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 December 31 ,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.

iii. 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

iv. Leave encashment

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

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

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

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.

19. Contingent liability

The Company does not have any contingent liability as on December 31, 2015 (corresponding period/Previous year ₹ Nil).

As per our report of even date

**For Joshi Apte &Co.,
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Chartered Accountants**

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