

## CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2015

	Note	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Share capital	1	2,777	2,777	2,777
Reserves and surplus	2	(4,801,584)	(906,186)	5,261,977
	(A)	<b>(4,798,807)</b>	<b>(903,409)</b>	<b>5,264,754</b>
<b>Current liabilities</b>				
Short-term borrowings	3	35,412,355	19,467,283	36,514,242
Trade payables	4	12,151,807	14,288,448	18,041,457
Other current liabilities	4	4,456,251	1,687,844	1,422,156
Short-term provisions	5	11,576,227	7,045,405	7,468,734
	(B)	<b>63,596,640</b>	<b>42,488,980</b>	<b>63,446,589</b>
<b>TOTAL</b>	<b>(A)+(B)</b>	<b>58,797,833</b>	<b>41,585,571</b>	<b>68,711,343</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Deferred tax assets	6	6,721,210	1,514,898	1,224,465
	(A)	<b>6,721,210</b>	<b>1,514,898</b>	<b>1,224,465</b>
<b>Current assets</b>				
Trade receivables	7	50,132,893	29,583,317	58,342,178
Cash and bank balances	8	1,313,229	7,994,417	9,144,700
Short-term loans and advances	9	187,836	152,234	-
Other current assets	10	442,665	2,340,705	-
	(B)	<b>52,076,623</b>	<b>40,070,673</b>	<b>67,486,878</b>
<b>TOTAL</b>	<b>(A)+(B)</b>	<b>58,797,833</b>	<b>41,585,571</b>	<b>68,711,343</b>
Summary of significant accounting policies	17			

The accompanying notes are 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**  
**CloudSquads Inc.**

per C.K. Joshi  
Partner  
Membership No. 030428  
Place: Pune  
Date : October 24, 2015

Ranga Puranik  
Director  
Place: Santa Clara  
Date : October 24, 2015

Rohit Kamat  
Director  
Place: Pune  
Date : October 24, 2015

**CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2015**

	Note	For the quarter ended		For the half year ended		For the year ended
		September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
		(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
<b>Income</b>						
Revenue from operations	11	12,473,700	24,900,331	25,352,085	44,438,602	92,850,375
Other Income	12	5,203	1,378	5,203	181,358	589,534
<b>Total revenue (A)</b>		<b>12,478,903</b>	<b>24,901,709</b>	<b>25,357,288</b>	<b>44,619,960</b>	<b>93,439,909</b>
<b>Expenses</b>						
Employee benefits expense	13.1	10,474,928	15,039,125	21,287,986	32,146,785	58,896,828
Cost of technical professionals	13.2	8,672,147	9,803,653	16,527,346	18,971,818	30,588,481
Other expenses	14	28,946	1,584,999	2,980,447	3,906,281	8,115,807
<b>Total expenses (B)</b>		<b>19,176,021</b>	<b>26,427,777</b>	<b>40,795,779</b>	<b>55,024,884</b>	<b>97,601,116</b>
<b>(Loss) before tax (A - B)</b>		<b>(6,697,118)</b>	<b>(1,526,068)</b>	<b>(15,438,491)</b>	<b>(10,404,924)</b>	<b>(4,161,207)</b>
Tax expense						
- Current tax		-	-	-	-	59,464
- Deferred tax (credit)		(2,336,561)	(128,205)	(5,324,835)	(1,296,770)	(1,016,955)
<b>Total tax expense</b>		<b>(2,336,561)</b>	<b>(128,205)</b>	<b>(5,324,835)</b>	<b>(1,296,770)</b>	<b>(957,491)</b>
<b>(Net Loss) for the period/ year</b>		<b>(4,360,557)</b>	<b>(1,397,863)</b>	<b>(10,113,656)</b>	<b>(9,108,154)</b>	<b>(3,203,716)</b>
<b>Earnings per equity share</b>	19					
<b>[Nominal value of share \$ 0.0000053 (Corresponding period/ Previous year \$ 0.0000053)]</b>						
Basic (in ₹)		(0.51)	(0.16)	(1.19)	(1.07)	(0.38)
Diluted (in ₹)		(0.51)	(0.16)	(1.19)	(1.07)	(0.38)
<b>Summary of significant accounting policies</b>	17					

The accompanying notes are 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**  
**CloudSquads Inc.**

per C.K. Joshi  
Partner  
Membership No. 030428  
Place: Pune  
Date : October 24, 2015

Ranga Puranik  
Director  
Place: Santa Clara  
Date : October 24, 2015

Rohit Kamat  
Director  
Place: Pune  
Date : October 24, 2015

**CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2015**

	For the half year ended September 30, 2015 (In ₹)	September 30, 2014 (In ₹)	For the year ended March 31, 2015 (In ₹)
<b>Cash flow from operating activities</b>			
<b>(Loss) before tax</b>	<b>(15,438,491)</b>	<b>(10,404,924)</b>	<b>(4,161,207)</b>
Adjustments for:			
Foreign currency translation reserve	(121,815)	(10,782)	266,867
Provision for doubtful receivables (net)	1,406,063	1,467,297	2,354,771
Bad debts	-	-	1,379,318
Excess provision in respect of earlier periods/ years written back	-	(59,650)	(465,717)
<b>(Operating loss) before working capital changes</b>	<b>(14,154,243)</b>	<b>(9,008,059)</b>	<b>(625,968)</b>
<b>Movements in working capital :</b>			
Decrease/ (Increase) in trade receivables	6,803,222	(11,834,054)	(42,859,707)
(Increase) in other current assets	(442,665)	(2,340,705)	-
(Increase)/ Decrease in loans and advances	(187,836)	797,535	949,769
(Decrease)/ Increase in trade payables and current liabilities (including short term borrowings)	(3,957,442)	19,395,483	40,335,830
Increase/ (Decrease) in provisions	4,213,214	3,798,351	4,158,910
<b>Operating (loss)/ profit after working capital changes</b>	<b>(7,725,750)</b>	<b>808,551</b>	<b>1,958,834</b>
Direct taxes paid (net of refunds)	(105,721)	-	-
<b>Net cash generated from operating activities</b>	<b>(A) (7,831,471)</b>	<b>808,551</b>	<b>1,958,834</b>
<b>Cash flows from investing activities</b>	-	-	-
<b>Net cash generated from investing activities</b>	<b>(B) -</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>	-	-	-
<b>Net cash generated from financing activities</b>	<b>(C) -</b>	<b>-</b>	<b>-</b>
Net increase in cash and cash equivalents (A + B + C)	(7,831,471)	808,551	1,958,834
Cash and cash equivalents at the beginning of the year	9,144,700	7,185,866	7,185,866
<b>Cash and cash equivalents at the end of the period/ year</b>	<b>1,313,229</b>	<b>7,994,417</b>	<b>9,144,700</b>
<b>Components of cash and cash equivalents</b>	<b>As at September 30, 2015 (In ₹)</b>	<b>As at September 30, 2014 (In ₹)</b>	<b>As at March 31, 2015 (In ₹)</b>
Cash on hand	-	-	-
Balances with banks	-	-	-
- on current account	1,313,229	7,994,417	9,144,700
<b>Cash and cash equivalents in cash flow statement as per note 8</b>	<b>1,313,229</b>	<b>7,994,417</b>	<b>9,144,700</b>

Summary of significant accounting policies (Refer Note 17)

The accompanying notes are 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  
 CloudSquads Inc.**

 per C.K. Joshi  
 Partner  
 Membership No. 030428  
 Place: Pune  
 Date : October 24, 2015

 Ranga Puranik  
 Director  
 Place: Santa Clara  
 Date : October 24, 2015

 Rohit Kamat  
 Director  
 Place: Pune  
 Date : October 24, 2015

## NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

## 1. Share capital

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
<b>Authorised</b>			
10,000,000 (Corresponding period/ Previous Year 10,000,000) Ordinary Shares of \$ 0.0000053 each.	USD 44.70	USD 44.70	USD 44.70
	<b>USD 44.70</b>	<b>USD 44.70</b>	<b>USD 44.70</b>
<b>Issued, subscribed and paid-up</b>			
8,500,000 (Corresponding period/ Previous Year 8,500,000) Ordinary Shares of \$ 0.0000053 each	2,777	2,777	2,777
All Shares are held by the Holding Company : Persistent Systems, Inc.			
	<b>2,777</b>	<b>2,777</b>	<b>2,777</b>

**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 ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
<b>A. Foreign currency translation reserve</b>			
Balance as per last financial statements	(71,541)	(356,800)	(356,800)
Add / (less) : Exchange difference during the reporting period on net investment in non-integral foreign operation	50,095	21,534	285,259
<b>(A)</b>	<b>(21,446)</b>	<b>(335,266)</b>	<b>(71,541)</b>
<b>B. Surplus in the statement of Profit and Loss</b>			
Balance as per the last financial statements	5,333,518	8,537,234	8,537,234
Less : (Loss) during the reporting period	(10,113,656)	(9,108,154)	(3,203,716)
<b>(B)</b>	<b>(4,780,138)</b>	<b>(570,920)</b>	<b>5,333,518</b>
<b>(A)+(B)</b>	<b>(4,801,584)</b>	<b>(906,186)</b>	<b>5,261,977</b>

## 3. Short-term borrowings

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Advances from related parties (Unsecured, considered good)			
- Persistent Systems, Inc.	35,408,563	19,457,843	36,502,940
- Persistent Systems Limited	3,792	9,440	11,302
	<b>35,412,355</b>	<b>19,467,283</b>	<b>36,514,242</b>

(This space is intentionally left blank)

**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**
**4. Trade payables and other current liabilities**

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Trade payables	12,151,807	14,288,448	18,041,457
	<b>12,151,807</b>	<b>14,288,448</b>	<b>18,041,457</b>
Other current liabilities			
- Statutory liabilities	36,582	258,561	245,395
- Accrued employee liabilities	1,148,246	1,429,283	1,176,761
- Unearned revenue	430,497	-	-
- Advance from customers	2,840,926	-	-
	<b>4,456,251</b>	<b>1,687,844</b>	<b>1,422,156</b>

**5. Short-term provisions**

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Provision for employee benefits			
- Leave encashment	1,646,421	809,007	1,201,337
- Other employee benefits	9,787,142	6,050,783	6,019,012
Others			
- Provision for Income tax (net of advance tax)	142,664	185,615	248,385
	<b>11,576,227</b>	<b>7,045,405</b>	<b>7,468,734</b>

**6. Deferred tax assets**

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Deferred tax assets			
- Leave encashment	559,794	347,873	408,464
- Provision for doubtful receivables	1,344,521	646,658	816,001
- Current year losses*	4,484,672	-	-
- Others	332,223	520,367	-
	<b>6,721,210</b>	<b>1,514,898</b>	<b>1,224,465</b>

\*The company along with its holding company have decided to opt for filing consolidated income tax return in compliance with the applicable tax regulations in the United States from financial year 2014-15. This enables the company to set off its business losses against the profits of the holding company. In view of the virtual certainty of the profits in the holding company, full deferred tax asset is recognized in the financial statements of the company.

(This space is intentionally left blank)

**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**
**7. Trade receivables**

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>			
Unsecured (considered good)	-	-	14,720,288
Unsecured (considered doubtful)	3,954,474	1,503,856	2,399,982
	3,954,474	1,503,856	17,120,270
Less : Provision for doubtful debts	3,954,474	1,503,856	2,399,982
	-	-	<b>14,720,288</b>
<b>Others</b>			
Unsecured (considered good)	50,132,893	29,583,317	43,621,890
Unsecured (considered doubtful)	-	-	-
	50,132,893	29,583,317	43,621,890
Less : Provision for doubtful debts	-	-	-
	<b>50,132,893</b>	<b>29,583,317</b>	<b>43,621,890</b>
	<b>50,132,893</b>	<b>29,583,317</b>	<b>58,342,178</b>

**8. Cash and bank balances**

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
<b>Cash and cash equivalents as presented in cash flow statement</b>			
Balances with banks			
On current account	1,313,229	7,994,417	9,144,700
	<b>1,313,229</b>	<b>7,994,417</b>	<b>9,144,700</b>

**9. Short-term loans and advances**

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Other loans and advances (unsecured considered good)			
Advance recoverable in cash or kind or for value to be received	187,836	152,234	-
	<b>187,836</b>	<b>152,234</b>	<b>-</b>

**10. Other current assets**

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Unbilled revenue	442,665	2,340,705	-
	<b>442,665</b>	<b>2,340,705</b>	<b>-</b>

(This space is intentionally left blank)

## NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

## 11. Revenue from operations

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Software services	12,473,700	24,900,331	25,352,085	44,438,602	92,850,375
	<b>12,473,700</b>	<b>24,900,331</b>	<b>25,352,085</b>	<b>44,438,602</b>	<b>92,850,375</b>

## 12. Other Income

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Excess provision in respect of earlier periods/ years written back	-	453	-	59,650	465,717
Miscellaneous Income	5,203	925	5,203	121,708	123,817
	<b>5,203</b>	<b>1,378</b>	<b>5,203</b>	<b>181,358</b>	<b>589,534</b>

## 13. Personnel Expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
<b>13.1 Employee Benefits Expense</b>					
Salaries and wages	10,114,006	14,277,348	20,556,935	30,836,764	56,745,060
Defined contribution to other funds	289,734	523,401	603,322	1,019,626	1,679,366
Staff welfare and benefits	71,188	238,376	127,729	290,395	472,402
	<b>10,474,928</b>	<b>15,039,125</b>	<b>21,287,986</b>	<b>32,146,785</b>	<b>58,896,828</b>
<b>13.2 Cost of technical professionals</b>					
Technical professionals - related parties	8,672,147	9,420,186	16,527,346	15,529,545	26,620,644
Technical professionals - others	-	383,467	-	3,442,273	3,967,837
	<b>8,672,147</b>	<b>9,803,653</b>	<b>16,527,346</b>	<b>18,971,818</b>	<b>30,588,481</b>
	<b>19,147,075</b>	<b>24,842,778</b>	<b>37,815,332</b>	<b>51,118,603</b>	<b>89,485,309</b>

## 14. Other expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Travelling and conveyance	463,992	331,578	922,622	1,030,853	2,376,993
Communication expenses	-	83,173	-	170,282	255,510
Purchase of software licenses and support expenses	56,955	18,363	98,726	141,215	244,386
Bad debts	-	-	-	-	1,379,318
Provision for doubtful receivables/ Provision for doubtful receivables written back / (net)	(709,164)	639,057	1,406,063	1,467,297	2,354,771
Insurance	-	41,419	-	81,342	107,540
Legal and professional fees	102,091	12,325	189,182	49,887	323,034
Rates and Taxes	33,795	-	39,186	-	-
Repairs and Maintenance - Others	-	42	-	5,512	5,607
Advertisements, sponsorship fees	-	115,903	-	227,620	350,809
Computer consumables	-	653	-	653	665
Auditors' remuneration	7,902	2,929	16,748	16,927	33,708
Books, memberships, subscriptions	6,782	338,332	235,112	556,218	345,168
Training and seminars	-	965	-	126,965	129,165
Foreign exchange loss (Net)	-	-	-	-	411
Miscellaneous expenses	66,593	260	72,808	31,510	208,722
	<b>28,946</b>	<b>1,584,999</b>	<b>2,980,447</b>	<b>3,906,281</b>	<b>8,115,807</b>

(This space is intentionally left blank)

## NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

### 15. Nature of operations

CloudSquads, Inc. ("the Company") is a USA based wholly owned subsidiary of Persistent Systems Inc. The Company is engaged in building applications that connects emerging social platforms with leading CRM systems. The Company has been acquired by Persistent Systems Inc. on February 10, 2014.

### 16. 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 quarter and half year ended on September 30, 2015 have been prepared in accordance with Accounting Standard 25 read with Rule 7 of the Companies (Accounts) Rules, 2014

### 17. Summary of significant accounting policies

#### (a) Accounting year

The accounting year of the Company is from April 01 to March 31.

#### (b) Functional currency

The Company's functional currency is US dollar.

#### (c) Use of estimates

The preparation of the 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 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) 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



## NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

- 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.

### (e) 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 basis in accordance with the terms of the contracts with customers.

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 licensing of products is recognized on delivery of products.

Revenue from royalty is recognized on sale of products 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.

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.

#### (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) Dividends

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.

### (f) Foreign currency translation

#### (i) Foreign currency transactions and balances

##### Initial recognition

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

##### Conversion

The transactions are in USD, 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, if any are translated at the closing rate as at the date of the balance sheet. All current assets and current liabilities are

## NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

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 year-end conversion is transferred to Foreign Currency Translation Reserve and the said amount is shown under the head "Reserves and Surplus".

### 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.

## (g) Retirement and other employee benefits

### 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.

## (h) 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 Internal Revenue Services authorities, USA. 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.

## NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

### (i) 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/ year 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.

### (j) 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.

### (k) 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.

### (l) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short term deposits with an original maturity period of three months or less.

## 18. Contingent liability

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

*(This space is intentionally left blank)*

**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS****19. Earnings per share****(Amount in ₹)**

Particular		For the quarter ended		For the half year ended		For the year ended
		September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
<b>Basic and Diluted earnings per share</b>						
<b><u>Numerator</u></b> Net profit / (loss) after tax and after exceptional items	<b>A</b>	(4,360,557)	(1,397,863)	(10,113,656)	(9,108,154)	(3,203,716)
<b><u>Denominator</u></b> Weighted average number of ordinary shares	<b>B</b>	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
<b>Basic and Diluted earnings per share (Face Value of US \$ 0.0000053 each)</b>	<b>A/B</b>	<b>(0.51)</b>	<b>(0.16)</b>	<b>(1.19)</b>	<b>(1.07)</b>	<b>(0.38)</b>

**20. Corresponding period/ previous year comparatives**

Corresponding period's/ previous year's figures have been regrouped wherever necessary to conform to current period's classification.

---

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**  
**CloudSquads Inc.**

per C.K. Joshi  
 Partner  
 Membership No.030428  
 Place: Pune  
 Date: October 24, 2015

Ranga Puranik  
 Director  
 Place: Santa Clara  
 Date: October 24, 2015

Rohit Kamat  
 Director  
 Place: Pune  
 Date: October 24, 2015