Persistent Systems Malaysia Sdn. Bhd.

CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2014

	Note	As at December 31, 2014 (In ₹)	As at March 31, 2014 (In ₹)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	74,875,848	74,875,848
Reserves and surplus	2	130,314,939	4,976,476
	(A)	**205,190,787**	**79,852,324**
Share application money pending allotment	**(B)**	**27,321,115**	**-**
Non-current liabilities			
Deferred tax liabilities	3	3,152,502	652,861
	(C)	**3,152,502**	**652,861**
Current liabilities			
Short-term borrowings	4	95,587	19,275,037
Trade payables	5	37,165,608	7,221,709
Other current liabilities	5	8,032,157	-
Short-term provisions	6	50,309,882	16,079,778
	(D)	**95,603,234**	**42,576,524**
TOTAL	**(A)+(B)+(C)+(D)**	**331,267,638**	**123,081,709**
ASSETS			
Non current assets			
Fixed assets			
Tangible assets	7.1	31,485,459	37,974,441
Intangible assets	7.2	354,174	370,398
Capital work in progress		-	96,454
		31,839,633	38,441,293
Long term loans and advances	8	3,766,536	3,833,475
	(A)	**35,606,169**	**42,274,768**
Current assets			
Trade receivables	9	3,426,997	67,183,081
Cash and bank balances	10	63,591,292	11,747,085
Short-term loans and advances	11	6,411,732	1,876,775
Other current assets	12	222,231,448	-
	(B)	**295,661,469**	**80,806,941**
TOTAL	**(A)+(B)**	**331,267,638**	**123,081,709**
Summary of significant accounting policies	19		

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** **Persistent Systems Malaysia Sdn. Bhd.**	
per C.K. Joshi Partner Membership No. 030428 Place: Pune Date :January 23, 2015	Dr. Anand Deshpande Director Place: Pune Date :January 23, 2015	Rohit Kamat Director Place: Pune Date :January 23, 2015

Persistent Systems Malaysia Sdn. Bhd.

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2014

	Note	For the quarter ended December 31, 2014 (In ₹)	For the nine months ended December 31, 2014 (In ₹)	For the period ended March 31, 2014 (In ₹)
Income				
Revenue from operations	13	218,167,211	619,992,070	69,629,177
Other income	14	-	208,434	-
Total revenue (A)		**218,167,211**	**620,200,504**	**69,629,177**
Expenses				
Employee benefit expense	15.1	41,678,946	138,422,087	45,122,146
Cost of technical professionals	15.2	85,860,157	251,133,511	2,387,666
Other expenses	16	12,670,278	34,171,609	10,764,775
Depreciation and amortization expense	7.3	4,846,286	14,635,297	4,048,053
Total expense (B)		**145,055,667**	**438,362,504**	**62,322,640**
Profit / (loss) before tax (A - B)		**73,111,544**	**181,838,000**	**7,306,537**
Tax expense				
Current tax		16,980,051	45,049,382	59,026
tax charge in respect of earlier period / years		2,764,583	2,764,583	-
Deferred tax charge		(366,615)	2,580,142	676,410
Total tax expense		**19,378,019**	**50,394,107**	**735,436**
Profit / (loss) after tax		**53,733,525**	**131,443,893**	**6,571,101**
Earnings per equity share [nominal value of share MYR 1] previous period : MYR 1)]	20			
Basic (in ₹)		13.43	32.86	6.44
Diluted (in ₹)		9.86	26.89	6.44
Summary of significant accounting policies	19			

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

per C.K. Joshi
Partner
Membership No. 030428
Place: Pune
Date :January 23, 2015

For and on behalf of the Board of Directors of
Persistent Systems Malaysia Sdn. Bhd.

Dr. Anand Deshpande
Director

Place: Pune
Date :January 23, 2015

Rohit Kamat
Director

Place: Pune
Date :January 23, 2015

Persistent Systems Malaysia Sdn. Bhd.

CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2014

		For the nine months ended December 31, 2014 (In ₹)	For the period ended March 31, 2014 (In ₹)
Cash flow from operating activities			
Profit before tax		**181,838,000**	**7,306,537**
Adjustments for:			
Depreciation and amortisation		14,635,297	4,048,053
Foreign currency translation reserve		(7,248,927)	(563,603)
Operating profit before working capital changes		**189,224,370**	**10,790,987**
Movements in working capital :			
(Increase)/ Decrease in trade receivables		63,756,084	(67,183,081)
(Increase) / Decrease in other current assets		(222,231,448)	-
Decrease / (Increase) in loans and advances		(4,534,957)	(5,710,250)
Increase / (Decrease) in current liabilities (including short term borrowings)		18,796,606	1,769,857
Increase / (Decrease) in provisions		(9,181,568)	16,022,807
Operating profit after working capital changes		**35,829,087**	**(44,309,680)**
Direct taxes paid (net of refunds)		(2,754,270)	-
Net cash (used in) operating activities	**(A)**	**33,074,817**	**(44,309,680)**
Cash flow from investing activities			
Payment towards capital expenditure		(8,551,725)	(18,819,083)
Net cash (used in) investing activities	**(B)**	**(8,551,725)**	**(18,819,083)**
Cash flow from financing activities			
Proceeds from share application / issuance of share capital		27,321,115	74,875,848
Net cash generated from financing activities	**(C)**	**27,321,115**	**74,875,848**
Net increase in cash and cash equivalents **(A + B + C)**		**51,844,207**	**11,747,085**
Cash and cash equivalents at the beginning of the reporting period/year		11,747,085	-
Cash and cash equivalents at the end of the reporting period/year		**63,591,292**	**11,747,085**
(refer note 10)			
Components of cash and cash equivalents			
Cash on hand		12,489	28,220
Balances with banks			
- on current account		63,578,803	11,718,865
Cash and cash equivalents in cash flow statement as per note 10		**63,591,292**	**11,747,085**

Summary of significant accounting policies (refer note 19)

As per our report of even date

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

per C.K. Joshi
Partner
Membership No. 030428
Place: Pune
Date :January 23, 2015

For and on behalf of the Board of Directors of
Persistent Systems Malaysia Sdn. Bhd.

Dr. Anand Deshpande
Director
Place: Pune
Date :January 23, 2015

Rohit Kamat
Director
Place: Pune
Date :January 23, 2015

Persistent Systems Malaysia Sdn. Bhd.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

1. Share capital

	As at December 31, 2014	#REF! March 31, 2014 (In ₹)
Authorised		
10,000,000 Equity shares of MYR 1 each (Previous period 10,000,000 Equity shares of MYR 1 each)	MYR 10,000,000	MYR 10,000,000
	MYR 10,000,000	**MYR 10,000,000**
Issued, subscribed and paid-up		
4,000,000 Equity shares of 1 MYR each fully paid (Previous period 4,000,000 Equity shares of MYR 1 each) All Shares are held by the Holding Company viz : Persistent Systems Limited.	74,875,848	74,875,848
	74,875,848	**74,875,848**

2. Reserves and surplus

		As at December 31, 2014 (In ₹)	As at March 31, 2014 (In ₹)
A. Foreign currency translation reserve			
Balance as per the last financial statements		(1,594,625)	-
Add / (less): Exchange difference during the reporting period on net investment in non-integral foreign operation		(6,105,430)	(1,594,625)
	(A)	**(7,700,055)**	**(1,594,625)**
B. Profit and (loss) account			
Balance as per the last financial statements		6,571,101	-
Profit / (loss) after tax for the reporting period		131,443,893	6,571,101
	(B)	**138,014,994**	**6,571,101**
	(A+B)	**130,314,939**	**4,976,476**

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Persistent Systems Malaysia Sdn. Bhd.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

3. Deferred tax liabilities

	As at December 31, 2014 (In ₹)	As at March 31, 2014 (In ₹)
Deferred tax liabilities		
-Difference in depreciation / amortization and other differences in block of tangible and intangible assets as per tax books and financial books	3,152,502	652,861
	3,152,502	**652,861**

4. Short term borrowings

	As at December 31, 2014 (In ₹)	As at March 31, 2014 (In ₹)
Unsecured		
Loans and advances from related parties		
-Persistent Systems Limited	95,587	19,275,037
	95,587	**19,275,037**

5. Trade payables and other current liabilities

	As at December 31, 2014 (In ₹)	As at March 31, 2014 (In ₹)
Trade payables	37,165,608	7,221,709
	37,165,608	**7,221,709**
Other current liabilities		
-Advance from customers	8,032,157	-
	8,032,157	**-**

6. Short-term provisions

	As at December 31, 2014 (In ₹)	As at March 31, 2014 (In ₹)
Provision for employee benefits		
-Other employee benefits	6,841,239	16,022,807
Others		
- Provision for Income tax (net of advance tax)	43,468,643	56,971
	50,309,882	**16,079,778**

Persistent Systems Malaysia Sdn. Bhd.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

7.1 Tangible assets

(In ₹)

	Computers	Office equipments	Plant & Machinery	Leasehold Improvements	Furniture & Fixtures	Total
Gross Block						
As at April 01, 2014	25,088,702	129,183	6,181,123	2,441,041	7,989,045	41,829,094
Additions	6,987,735	-	994,882	86,876	399,353	8,468,846
Disposals	-	-	-	-	-	-
Other Adjustments				-		-
- Exchange differences	(638,877)	(2,256)	(125,758)	(44,635)	(148,741)	(960,267)
As at December 31, 2014	**31,437,560**	**126,927**	**7,050,247**	**2,483,282**	**8,239,657**	**49,337,673**
Depreciation						
As at April 01, 2014	3,111,497	14,871	277,998	75,755	374,532	3,854,653
charge for the period	11,518,393	23,011	1,195,110	319,524	1,395,883	14,451,921
Disposals	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
- Exchange differences	(362,817)	(876)	(36,862)	(9,880)	(43,925)	(454,360)
As at December 31, 2014	**14,267,073**	**37,006**	**1,436,246**	**385,399**	**1,726,490**	**17,852,214**
Net Block						
As at December 31, 2014	**17,170,487**	**89,921**	**5,614,001**	**2,097,883**	**6,513,167**	**31,485,459**
As at March 31, 2014	**21,977,205**	**114,312**	**5,903,125**	**2,365,286**	**7,614,513**	**37,974,441**

Gross Block						
As at April 01, 2013	-	-	-	-	-	-
Additions	25,780,459	132,806	6,362,431	2,515,676	8,223,974	43,015,346
Disposals	-	-	-	-	-	-
Other Adjustments						
- Exchange differences	(691,757)	(3,623)	(181,308)	(74,635)	(234,929)	(1,186,252)
As at March 31, 2014	**25,088,702**	**129,183**	**6,181,123**	**2,441,041**	**7,989,045**	**41,829,094**
Depreciation						
As at April 01, 2013	-	-	-	-	-	-
charge for the period	3,223,733	15,407	288,026	78,488	388,042	3,993,696
Disposals	-	-	-	-	-	-
Other Adjustments						
- Exchange differences	(112,236)	(536)	(10,028)	(2,733)	(13,510)	(139,043)
As at March 31, 2014	**3,111,497**	**14,871**	**277,998**	**75,755**	**374,532**	**3,854,653**
Net Block						
As at March 31, 2014	**21,977,205**	**114,312**	**5,903,125**	**2,365,286**	**7,614,513**	**37,974,441**

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

7.2 Intangible assets

(In ₹)

	Software	Total
Gross Block		
As at April 01, 2014	**422,863**	**422,863**
Additions	179,333	179,333
Disposals	-	-
Other Adjustments		
- Exchange differences	(18,009)	(18,009)
As at December 31, 2014	**584,187**	**584,187**
Depreciation		
As at April 01, 2014	52,465	52,465
charge for the period	183,376	183,376
Disposals	-	-
Other Adjustments		
- Exchange differences	(5,828)	(5,828)
As at December 31, 2014	**230,013**	**230,013**
Net Block		
As at December 31, 2014	**354,174**	**354,174**
As at March 31, 2014	**370,398**	**370,398**

	Software	Total
Gross Block		
As at April 01, 2013	-	-
Additions	434,147	434,147
Disposals	-	-
Other Adjustments		
- Exchange differences	(11,284)	(11,284)
As at March 31, 2014	**422,863**	**422,863**
Amortization		
As at April 01, 2013	-	-
charge for the period	54,357	54,357
Disposals	-	-
Other Adjustments		
- Exchange differences	(1,892)	(1,892)
As at March 31, 2014	**52,465**	**52,465**
Net Block		
As at March 31, 2014	**370,398**	**370,398**

7.3 Depreciation and amortization

(In ₹)

	For the quarter ended December 31, 2014	For the nine months ended December 31, 2014	For the period ended March 31, 2014
On tangible assets	4,779,359	14,451,921	3,993,696
On intangible assets	66,927	183,376	54,357
	4,846,286	**14,635,297**	**4,048,053**

Persistent Systems Malaysia Sdn. Bhd.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

8. Long term loans and advances

	As at December 31, 2014 (In ₹)	As at March 31, 2014 (In ₹)
Security deposit (Unsecured, considered good)	3,766,536	3,833,475
	3,766,536	**3,833,475**

9. Trade receivables

	As at December 31, 2014 (In ₹)	As at March 31, 2014 (In ₹)
Trade receivables (Unsecured)		
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Others		
- Unsecured Considered good	3,426,997	67,183,081
	3,426,997	**67,183,081**

10. Cash and bank balances

	As at December 31, 2014 (In ₹)	As at March 31, 2014 (In ₹)
Cash and cash equivalents as presented in cash flow statement		
Balances with banks		
-On current accounts	63,578,803	11,718,865
-Cash on hand	12,489	28,220
	63,591,292	**11,747,085**

11. Short-term loans and advances

	As at December 31, 2014 (In ₹)	As at March 31, 2014 (In ₹)
Other loans and advances		
Deposits	454,456	-
Advances recoverable in cash or kind or for value to be received	5,957,276	1,876,775
	6,411,732	**1,876,775**

12. Other current assets

	As at December 31, 2014 (In ₹)	As at March 31, 2014 (In ₹)
Unbilled revenue	222,231,448	-
	222,231,448	**-**

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

13. Revenue from operations

	For the quarter ended December 31, 2014 (In ₹)	For the nine months ended December 31, 2014 (In ₹)	For the period ended March 31, 2014 (In ₹)
Sale of software services (net)	218,167,211	619,992,070	69,629,177
	218,167,211	**619,992,070**	**69,629,177**

14. Other income

	For the quarter ended December 31, 2014 (In ₹)	For the nine months ended December 31, 2014 (In ₹)	For the period ended March 31, 2014 (In ₹)
Excess provision written back	-	208,434	-
	-	**208,434**	**-**

15. Personnel expenses

	For the quarter ended December 31, 2014 (In ₹)	For the nine months ended December 31, 2014 (In ₹)	For the period ended March 31, 2014 (In ₹)
15.1 Employee benefit expenses			
Salaries and wages	33,563,866	114,881,022	38,399,499
Defined contribution to other funds	5,782,817	16,089,928	4,348,131
Staff welfare and benefits	2,332,263	7,451,137	2,374,516
	41,678,946	**138,422,087**	**45,122,146**
15.2 Cost of technical professionals			
Technical professionals - related parties	85,056,358	247,671,508	-
Technical professionals - others	803,799	3,462,003	2,387,666
	85,860,157	**251,133,511**	**2,387,666**
	127,539,103	**389,555,598**	**47,509,812**

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

16. Other expenses

	For the quarter ended December 31, 2014 (In ₹)	For the nine months ended December 31, 2014 (In `)	For the period ended March 31, 2014 (In ₹)
Travelling and conveyance	4,128,720	6,413,365	1,778,270
Electricity expenses	1,142,206	3,351,534	921,068
Communication expenses	162,741	518,225	54,252
Internet Link Expenses	840,686	2,493,829	-
Recruitment expenses	78,849	560,364	82,121
Training and seminars	377,288	746,155	99,010
Purchase of software licenses and support expenses	264,423	387,842	-
Insurance	84,590	302,354	27,152
Rent	3,049,489	9,420,572	3,676,288
Rates, fees and taxes	5,488	45,477	194,236
Legal and professional fees	709,061	2,897,741	1,122,508
Repairs and maintenance			
-Plant and Machinery	630,820	2,184,224	355,740
-Building	-	-	245,109
- Others	13,920	43,812	789,732
Foreign exchange loss (net)	254,420	1,784,952	22,716
Advertisements, sponsorship fees	29,773	91,840	-
Computer consumables	1,295	7,570	9,101
Books, memberships, subscriptions	148,298	553,533	-
Auditors' remuneration	219,688	636,005	415,732
Miscellaneous expenses	528,523	1,732,215	971,740
	12,670,278	**34,171,609**	**10,764,775**

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17. Nature of operations

Persistent Systems Malaysia Sdn. Bhd. is a Malaysia based wholly owned subsidiary of Persistent Systems Ltd. The Company is specializing in software products, services and technology innovation. It is engaged in development of software in the network monitoring space which enables the network administrators to optimize their networks and telecom service providers to maximize their return on investments. The Company has been incorporated on 17th September 2013 and the operations have commenced from 1st January 2014.

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 Standard notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 2013 (to the extent notified). 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 nine months ended on December 31, 2014 have been prepared in accordance with Accounting Standard 25 notified by Companies (Accounting Standards) Rules, (as amended) 2006.

19. 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 Malaysian Ringgit (MYR)

(c) Use of estimates

The preparation of the condensed financial statements in conformity with the 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) 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 period during which such expenses are incurred.

Gains or losses arising from de-recognition 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

(i) Acquired Intangible assets

Intangible assets including software licenses of enduring nature and 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 period in which these are incurred.

Gains or losses arising from de-recognition 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.

(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 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 development expenditure, until capitalization, 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 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 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	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.

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) 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.

(i) 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.

(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 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 software is recognized upon delivery.

Revenue from royalty is recognized in accordance with the terms of the relevant agreements.

Revenue from maintenance contracts 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.

The company collects goods and services tax (GST) on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is 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) 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.

(k) Foreign currency translation

(i) Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the functional currency viz. MYR, 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 MYR, 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 end conversion is translated to 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.

(l) Retirement and other employee benefits

Leave encashment

Leave gets accumulated on a calendar year basis. Accumulated leave, which is expected to be utilized till the end of reporting period is measured on a pro-rata basis and 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 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 Malaysian Income tax Act, 1967. 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.

(n) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. 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 attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.

(o) 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.

(p) 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 condensed financial statements.

(q) 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.

20. Calculation of earnings per share

(Amount in ₹)

Particulars		**For the quarter ended**	**For the nine months ended**	**For the period ended**
		December 31, 2014	**December 31, 2014**	**March 31, 2014**
Basic and diluted Earnings per share (After exceptional and prior period Items)				
Numerator Net Profit / (loss) after tax and after exceptional items	**A**	53,733,525	131,443,893	6,571,101
Denominator for Basic EPS Weighted average number of ordinary shares	**B**	4,000,000	4,000,000	1,020,415
Denominator for Diluted EPS Weighted average number of ordinary shares	**C**	5,447,136	4,887,349	1,020,415
Basic Earnings per share (Face Value of MYR 1 each)	**A/B**	**13.43**	**32.86**	**6.44**
Diluted Earnings per share (Face Value of MYR 1 each)	**A/C**	**9.86**	**26.89**	**6.44**

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21. Previous period comparatives

The company has been incorporated as on 17th September 2013 and operations have commenced from 1st January 2014. Previous period figures have been regrouped wherever necessary.

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 Persistent Systems Malaysia Sdn. Bhd.	
per C.K. Joshi Partner Membership No.030428 Place: Pune Date : January 23, 2015	Dr. Anand Deshpande Director Place: Pune Date : January 23, 2015	Rohit Kamat Director Place: Pune Date : January 23, 2015