Akshat Corporation (dba Rgen Solutions)

CONDENSED BALANCE SHEET AS AT JUNE 30, 2016

	Note	As at June 30, 2016 (In ₹)	As at March 31, 2016 (In ₹)
ASSETS			
Non-current assets			
Property, Plant and Equipment	1	118	116
		118	116
Deferred tax assets (net)	2	586,816	1,726,479
	(A)	**586,934**	**1,726,595**
Current assets			
Financial assets			
-Trade receivables	3	68,979,013	69,832,215
-Cash and cash equivalents	4	37,462,557	27,687,321
Other current assets	5	7,245,566	15,698,073
	(B)	**113,687,136**	**113,217,609**
TOTAL	**(A)+(B)**	**114,274,070**	**114,944,204**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	6	-	-
Other equity		44,704,546	34,155,260
	(A)	**44,704,546**	**34,155,260**
LIABILITIES			
Current Liabilities			
Financial liabilities			
-Trade payables	7	17,452,372	14,316,309
-Other financial liabilities	8	4,703,864	5,721,883
Other current liabilities	9	25,286,606	38,390,263
Provisions	10	1,726,025	5,077,953
Current tax liabilities (net)		20,400,657	17,282,536
	(B)	**69,569,524**	**80,788,944**
TOTAL	**(A)+(B)**	**114,274,070**	**114,944,204**
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

Place: Pune
Date : 21st July, 2016

Dr. Anand Deshpande
Director

Place: Pune
Date : 21st July, 2016

Thomas Klein
Director

Place: Santa Clara
Date : 21st July, 2016

Akshat Corporation (dba Rgen Solutions)

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED JUNE 30, 2016

	Note	For the quarter ended June 30, 2016 (In ₹)	For the period ended March 31, 2016 (In ₹)
Income			
Revenue from operations (net)	11	107,265,259	405,508,036
Other income		-	-
Total income (A)		**107,265,259**	**405,508,036**
Expenses			
Employee benefits expense	12.1	67,502,324	274,006,752
Cost of technical professionals	12.2	19,217,269	60,504,785
Depreciation and amortization expense	1	-	280,124
Other expenses	13	8,113,720	29,671,050
Total expenses (B)		**94,833,313**	**364,462,711**
Profit/(Loss) before tax (A - B)		**12,431,946**	**41,045,325**
Tax expense			
Current tax		2,759,290	17,138,181
Tax charge in respect of earlier years		-	-
Deferred tax Charge/(Credit)		724,148	(4,422,038)
Total tax expense		**3,483,438**	**12,716,143**
Net Profit/(Loss) for the quarter/period (C)		**8,948,508**	**28,329,182**
Other comprehensive income			
Items that will not be reclassified to profit or loss (D)			
- Remeasurements of the defined benefit liabilities / (asset)		1,285,400	7,970,530
- Tax effect on remeasurements of the defined benefit liabilities / (asset)		(437,042)	(2,709,980)
		848,358	**5,260,550**
Items that may be reclassified to profit or loss (E)			
- Exchange differences in translating the financial statements of foreign operations		752,420	293,800
		752,420	**293,800**
Total comprehensive income for the period / year (C) + (D) + (E)		**10,549,286**	**33,883,532**
Earnings per equity share [nominal value of Share $ Nil]	14		
Basic (In ₹)		8,949	28,329
Diluted (In ₹)		8,949	28,329
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.
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Director

Place: Pune
Date : 21st July, 2016

Place: Pune
Date : 21st July, 2016

Place: Santa Clara
Date : 21st July, 2016

Akshat Corporation (dba Rgen Solutions)

CASH FLOW STATEMENT FOR THE QUARTER ENDED JUNE 30, 2016

		For the quarter ended June 30, 2016 (In ₹)	For the period ended March 31, 2016 (In ₹)
Cash flow from operating activities			
Profit before taxation		12,431,946	41,045,325
Adjustments for:			
Foreign currency translation reserve		1,089,722	415,222
Remeasurements of the defined benefit liabilities / (asset)		1,285,400	7,970,530
Depreciation		-	280,124
Operating profit before working capital changes		14,807,068	49,711,201
Movements in working capital :			
(Increase)/decrease in trade receivable		853,202	(58,425,550)
(Increase)/decrease in other current assets		8,452,507	(15,405,238)
Increase/(decrease) in trade payables, other financial liabilities and/current liabilities		(10,985,613)	11,814,179
Increase/(decrease) in provisions		(3,351,928)	2,520,244
Operating profit after working capital changes		**9,775,236**	**(9,785,164)**
Net cash flow from operating activities	**A**	**9,775,236**	**(9,785,164)**
Net cash flow from investing activities	**B**	**-**	**-**
Net increase in cash and cash equivalents (A + B)		9,775,236	(9,785,164)
Cash and cash equivalents at the beginning of the period from acquired business		27,687,321	37,472,485
Cash and cash equivalents at the end of the period (Refer Note 4)		**37,462,557**	**27,687,321**
Components of cash and cash equivalents as at	**June 30, 2016**		
Bank Balances with Banks		37,462,557	27,687,321
Cash and cash equivalents		**37,462,557**	**27,687,321**
(Refer Note 4)			
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
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Place: Pune
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Thomas Klein
Director

Place: Santa Clara
Date : 21st July, 2016

Akshat Corporation (dba Rgen Solutions)

STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED JUNE 30, 2016

A. Equity share capital

(In ₹)

Balance as at April 1, 2016	Changes in equity share capital during the period	Balance as at June 30, 2016
-	-	-

(In ₹)

Balance as at July 2, 2015	Changes in equity share capital during the period	Balance as at March 31, 2016
-	-	-

Akshat Corporation (dba Rgen Solutions)

STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED JUNE 30, 2016

B. Other equity

(In ₹)

Particulars	Reserves and surplus	Items of other comprehensive income		Total
	Retained earnings	Exchange differences on translating the financial statements of foreign operations	Remeasurements of the defined benefit liabilities / asset	
Balance as at April 1, 2016	28,600,910	293,800	5,260,550	34,155,260
Total Comprehensive income for the period	8,948,508	752,420	848,358	10,549,286
Change during the period	-	-	-	-
Balance at June 30, 2016	**37,549,418**	**1,046,220**	**6,108,908**	**44,704,546**

(In ₹)

Particulars	Reserves and surplus	Items of other comprehensive income		Total
	Retained earnings	Exchange differences on translating the financial statements of foreign operations	Remeasurements of the defined benefit liabilities / asset	
Balance as at July 2, 2015	271,728	-	-	271,728
Ind AS adjustments on first time adoption (Refer note 15)	-	-	5,260,550	5,260,550
Net profit for the period	28,329,182	-	-	28,329,182
Change during the period	-	293,800	-	293,800
Balance at March 31, 2016	**28,600,910**	**293,800**	**5,260,550**	**34,155,260**

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

1. Property, Plant and Equipment

(In ₹)

	Computers	Total
Gross block		
As at April 1, 2016	**282,599**	**282,599**
Additions	-	-
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	5,418	5,418
As at June 30, 2016	**288,017**	**288,017**
Depreciation and amortization		
As at April 1, 2016	**282,483**	**282,483**
Charge for the period	-	-
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	5,416	5,416
As at June 30, 2016	**287,899**	**287,899**
Net block		
As at June 30, 2016	**118**	**118**
As at March 31, 2016	**116**	**116**

	Computers	Total
Gross block		
As at July 2, 2015	**-**	**-**
Additions	271,728	271,728
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	10,871	10,871
As at March 31, 2016	**282,599**	**282,599**
Depreciation and amortization		
As at July 2, 2015	**-**	**-**
Charge for the period	280,124	280,124
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	2,359	2,359
As at March 31, 2016	**282,483**	**282,483**
Net block		
As at March 31, 2016	**116**	**116**
As at March 31, 2015	**-**	**-**

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

2. Deferred tax assets (Net)

	As at June 30, 2016 (In ₹)	As at March 31, 2016 (In ₹)
Deferred tax assets (net)		
Provision for leave encashment	586,816	1,726,479
	586,816	**1,726,479**

3. Trade receivables

	As at June 30, 2016 (In ₹)	As at March 31, 2016 (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)	68,979,013	69,832,215
Unsecured (considered doubtful)	1,542,526	-
	70,521,539	69,832,215
Less : Provision for doubtful debts	1,542,526	-
	68,979,013	69,832,215
	68,979,013	**69,832,215**

4. Cash and bank balance

	As at June 30, 2016 (In ₹)	As at March 31, 2016 (In ₹)
Cash and cash equivalents as presented in cash flow statement		
Balances with banks		
On current account	37,462,557	27,687,321
	37,462,557	**27,687,321**

5. Other current assets

	As at June 30, 2016 (In ₹)	As at March 31, 2016 (In ₹)
Advances recoverable in cash or kind or for value to be received	632,176	49,516
Unbilled revenue	6,613,390	15,648,557
	7,245,566	**15,698,073**

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

6. Share capital

	As at June 30, 2016 (In ₹)	As at March 31, 2016 (In ₹)
Authorised		
2,000 Common Shares at no par value each.	US $ 0	US $ 0
	US $ 0	**US $ 0**
Issued, subscribed and paid-up		
1,000 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

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

7. Trade payables

	As at June 30, 2016 (In ₹)	As at March 31, 2016 (In ₹)
Trade payables for goods and services	17,452,372	14,316,309
	17,452,372	**14,316,309**

8. Other current financial liabilities

	As at June 30, 2016 (In ₹)	As at March 31, 2016 (In ₹)
Accrued employee liabilities	4,703,864	5,721,883
	4,703,864	**5,721,883**

9. Current Liabilities: Provisions

	As at June 30, 2016 (In ₹)	As at March 31, 2016 (In ₹)
Provision for employee benefits		
- Leave encashment	1,726,025	5,077,953
	1,726,025	**5,077,953**

10. Other current liabilities

	As at June 30, 2016 (In ₹)	As at March 31, 2016 (In ₹)
Unearned revenue	-	371,540
Advances from related parties		
-Persistent Systems Inc.	25,238,354	38,012,087
-Persistent Systems Limited	48,252	6,636
	25,286,606	**38,390,263**

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

11. Revenue from operations

	For the quarter ended June 30, 2016 (In ₹)	For the period ended March 31, 2016 (In ₹)
Software services	107,265,259	405,508,036
	107,265,259	**405,508,036**

12. Personnel expenses

	For the quarter ended June 30, 2016 (In ₹)	For the period ended March 31, 2016 (In ₹)
12.1 Employee benefit expenses		
Salaries wages and bonus	67,502,324	273,612,617
Staff welfare and benefits	-	394,135
	67,502,324	**274,006,752**
12.2 Cost of technical, professionals		
Technical professionals - Related parties	3,990,134	7,743,903
Technical professionals - Others	15,227,135	52,760,882
	19,217,269	**60,504,785**
	86,719,593	**334,511,537**

13. Other expenses

	For the quarter ended June 30, 2016 (In ₹)	For the period ended March 31, 2016 (In ₹)
Traveling and conveyance	279,439	2,059,331
Electricity expenses	-	57,509
Internet link expenses	-	21,302
Communication expenses	12,492	66,769
Recruitment expenses	710,028	1,653,441
Purchase of software licenses and support expenses	22,055	630,763
Provision for doubtful debts/(Provision for doubtful debts written back)(net)	1,527,309	-
Rent	-	1,776,811
Rates and taxes	2,331,937	6,888,608
Legal and professional fees	26,708	725,593
Advertisement and sponsorship fees	93,117	-
Auditors' remuneration	7,721	30,348
Books, memberships, subscriptions	102,403	11,199
Discount allowed	2,810,300	15,313,836
Miscellaneous expenses	190,211	435,540
	8,113,720	**29,671,050**

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

14. Earnings per share

Particulars		**For the quarter ended June 30, 2016 (In ₹)**	**For the period ended March 31, 2016 (In ₹)**
Basic earnings per share			
Numerator			
Net Profit / (loss) after tax	A	8,948,508	28,329,182
Denominator			
Weighted average number of equity share	B	1,000	1,000
Basic/diluted earnings per share (Face value of US $ Nil each)	A / B	8,949	28,329

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15. First-time adoption of Ind-AS

These financial statements, for the quarter ended June 30, 2016, are the first financial statements the Company has prepared in accordance with Ind-AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with statutory reporting requirements in India immediately before adopting Ind AS ('previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for period ending on June 30 2016, together with the comparative period data as at and for the period ended March 31, 2016. In preparing these financial statements, the Company's opening balance sheet was prepared as at July 2, 2015, the Company's date of transition to Ind-AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at July 2, 2015 and the financial statements as at and for the period ended March 31, 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain optional exemptions from the retrospective application of certain requirements under Ind AS.
The Company has applied the following optional exemptions:

A. Share based payment transactions
The Company has not applied Ind AS 102, "Share based payment" to equity instruments that vested before the date of transition to Ind AS i.e. July 2, 2015. Accordingly, equity instruments that have vested prior to July 2, 2015 have not been fair valued.

B. Deemed cost
The Company has elected to measure the carrying value for all of its Property, Plant and Equipment as per the previous GAAP and use that as its deemed cost as at the date of

Explanation of transition to Ind AS

The below mentioned reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101 for the following:

- Profit for the period ended March 31, 2016

There are no material adjustments to the cash flow statements.

In the reconciliations mentioned above, certain reclassifications are made to Indian GAAP financial information to align with the Ind AS presentation.

Reconciliation of profit

(In ₹)

Particulars	Note	Period ended March 31, 2016				Note
		Indian GAAP	Effect of transition to Ind AS	Reclassification adjustments	Ind AS	
Income						
Revenue from operations (net)	10	405,508,036	-	-	**405,508,036**	
Employee benefits expense	11.1	266,036,222	7,970,530	-	**274,006,752**	Note 1
Other expenses	12	29,671,050	-	-	**29,671,050**	
Profit before tax (A - B)		49,015,855	(7,970,530)	-	**41,045,325**	Note 1
Total tax expense		12,716,143	-		**12,716,143**	
Net profit for the year		36,299,712	-	(7,970,530)	**28,329,182**	Note 1

Note 1
Under Indian GAAP, the actuarial gain / loss on defined benefit obligations and plan assets is recognized as employee benefit expenses in the statement of profit and loss. Under Ind AS, such actuarial gain / loss is recognized under other comprehensive income and classified as equity. The impact arising on this change is summarized as follows:

(In ₹)

Particulars	31-Mar-16
Consolidated statement of profit and loss	
Employee benefit expenses	7,970,530
Consolidated balance sheet	
Other comprehensive income	7,970,530

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 financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which have been measured at fair value. The accounting policies are consistently applied by the Company during the year and are consistent with those used in previous year except for the changes in accounting policies required to be made on first time adoption of Indian Accounting Standards notified under the Companies Act, 2013.

Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous period numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016, and the period ended March 31, 2016. These financial statements have been prepared in accordance with Ind AS 34 Interim Financial Reporting as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

The condensed financial statements for the quarter and period ended on June 30, 2016 have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which have been measured at fair value. The accounting policies are consistently applied by the Company during the year and are consistent with those used in previous year except for the changes in accounting policies required to be made on first time adoption of Indian Accounting Standards notified under the Companies Act, 2013.

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 Other Equity, therefore profit & loss account of the company consists of only the results for the period from July 2nd 2015 to March 31, 2016. These financial statements have been prepared only for the purpose of consolidation as per Indian accounting standard 110.

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B. Functional currency

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

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

C. Use of estimates

The preparation of the condensed financial statements in conformity with Indian Accounting Standard 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. Property, Plant and Equipment

Property, Plant and Equipment 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 Property, Plant and Equipment that are not ready to be put to use.

Subsequent expenditure related to an item of Property, Plant and Equipment 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 Property, Plant and Equipment, 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.

Gains or losses arising from derecognition of Property, Plant and Equipment 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 Property, Plant and Equipment 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 Property, Plant and Equipment 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

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 Property, Plant and Equipment and other 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. Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified as:

- **Financial assets at amortized cost**

  Financial instruments that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.

- **Financial assets at fair value through other comprehensive income (FVTOCI)**

  Financial instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value. Fair value movements are recognized in other comprehensive income.

- **Financial assets at fair value through profit or loss (FVTPL)**

  Any financial instrument which does not meet the criteria for categorization as financial instruments at amortized cost or as FVTOCI, is classified as financial instrument at FVTPL. Financial instruments included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For the purpose of subsequent measurement, financial liabilities are classified as:

- **Financial liabilities at amortized cost**

  Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss (FVTPL)**

  Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss if the recognition criteria as per Ind AS 109 are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss. Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Company has not designated any financial liability as at FVTPL.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

iii) Impairment

i) Financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For trade receivables, the Company recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ii) Non-financial assets

The carrying amounts of Property, Plant and Equipment and Goodwill are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Company estimates the asset's recoverable amount.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial period / year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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.

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 “Other Equity”.

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.

(This space is intentionally left blank)

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. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

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.

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 June 30, 2016 (corresponding period ₹ Nil).

20. Previous period comparatives

Previous period figures have been regrouped wherever necessary to conform with the current period 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
Akshat Corporation (dba RGen Solutions)

per C.K. Joshi	Dr. Anand Deshpande	Thomas Klein
Partner	Director	Director
Membership No. 030428		
Place: Pune	Place: Pune	Place: Santa Clara
Date : July 21, 2016	Date : July 21, 2016	Date: July 21, 2016
