Valista Inc.

CONDENSED BALANCE SHEET AS AT MARCH 31, 2016

	Note	As at March 31, 2016 (In ₹)
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	1	131
Reserves and surplus	2	93,237,005
	(A)	**93,237,136**
Current liabilities		
Trade payables	3	485,425
	(B)	**485,425**
TOTAL	**(A)+(B)**	**93,722,561**
ASSETS		
Non-current assets		
Long term loans and advances	4	89,427,375
	(A)	**89,427,375**
Current assets		
Other current assets	5	28,815
Cash and bank balances	6	4,266,371
	(B)	**4,295,186**
TOTAL	**(A)+(B)**	**93,722,561**
Summary of significant accounting policies	11	

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 : April 23, 2016

For and on behalf of the Board of Directors of
Valista Inc.

Dr. Anand Deshpande
Director

Place: Pune
Date : April 23, 2016

Sunil Sapre
Director

Place: Pune
Date : April 23, 2016

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2016

	Note	For the quarter ended March 31, 2016	For the period ended March 31, 2016 (In ₹)
Income			
Other Income	7	705,309	785,906
Total revenue (A)		**705,309**	**785,906**
Expenses			
Other expenses	8	109,655	602,686
Total expenses (B)		**109,655**	**602,686**
Profit/(Loss) before tax (A - B)		**595,654**	**183,220**
Tax expense			
- Current tax		-	-
- Deferred tax (credit)		-	-
Total tax expense		**-**	**-**
Net Profit/(Loss) for the period		**595,654**	**183,220**
Earnings per equity share [Nominal value of share $ 0.001]	12		
Basic (in ₹)		297.83	91.61
Diluted (in ₹)		297.83	91.61
Summary of significant accounting policies	11		

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 : April 23, 2016

For and on behalf of the Board of Directors of
Valista Inc.

Dr. Anand Deshpande
Director

Place: Pune
Date : April 23, 2016

Sunil Sapre
Director

Place: Pune
Date : April 23, 2016

Valista Inc.

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2016

		For the period ended March 31, 2016 (In ₹)
Cash flow from operating activities		
(Loss) before tax		**183,220**
Adjustments for:		
Interest income		(785,906)
Unrealised exchange loss / (gain) on cash and cash equivalent		1,012,428
Foreign currency translation reserve		1,689,262
(Operating loss) before working capital changes		**2,099,004**
Movements in working capital :		
(Decrease)/ Increase in trade payables and current liabilities		485,425
Operating (loss)/ profit after working capital changes		**2,584,429**
Direct taxes paid (net of refunds)		-
Net cash generated from operating activities	**(A)**	**2,584,429**
Cash flows from investing activities		
Inter corporate deposit given		(89,676,091)
Interest received on bank deposits		(763,712)
Net cash generated from investing activities	**(B)**	**(90,439,803)**
Cash flows from financing activities		**-**
Net cash generated from financing activities	**(C)**	**-**
Net increase in cash and cash equivalents (A + B + C)		(87,855,374)
Cash and cash equivalents at the beginning of the period		92,121,745
Cash and cash equivalents at the end of the period		**4,266,371**

Components of cash and cash equivalents	**As at March 31, 2016 (In ₹)**
Cash on hand	**-**
Balances with banks	
- on current account	4,266,371
Cash and cash equivalents in cash flow statement as per note 6	**4,266,371**

Summary of significant accounting policies (Refer Note 11)

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 : April 23, 2016

For and on behalf of the Board of Directors of Valista Inc.

Dr. Anand Deshpande
Director

Place: Pune
Date : April 23, 2016

Sunil Sapre
Director

Place: Pune
Date : April 23, 2016

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

1. Share capital

		As at March 31, 2016 (In ₹)
Authorised		
2000 Ordinary Shares of $ 0.001 each.	$	2.00
	$	**2.00**
Issued, subscribed and paid-up		
2,000 Ordinary Shares of $ 0.001 each		131
All Shares are held by the Holding Company : Valista Limited		
		131

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 March 31, 2016 (In ₹)
A. Foreign currency translation reserve		
Balance as per last financial statements		-
Add / (less) : Exchange difference during the reporting period on net investment in non-integral foreign operation		932,171
	(A)	**932,171**
B. Surplus in the statement of Profit and Loss		
Balance as per the last financial statements (Refer note 11(a))		(452,192,386)
Add /Less : Profit /(Loss) during the reporting period		183,220
	(B)	**(452,009,166)**
C. Securities Premium		
Balance as per the last financial statements (Refer note 11(a))		544,314,000
Add /Less : Profit /(Loss) during the reporting period		-
	(C)	**544,314,000**
	(A)+(B)+(C)	**93,237,005**

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

3. Trade payables and other current liabilities

	As at March 31, 2016 (In ₹)
Trade payables	485,425
	485,425

4. Long term loans and advances

	As at March 31, 2016 (In ₹)
Loan to related parties	
Unsecured, considered good	
- Aepona Limited (UK)	89,427,375
	89,427,375

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

5. Other current assets

	As at March 31, 2016 (In ₹)
Interest accrued but not due	28,815
	28,815

6. Cash and bank balances

	As at March 31, 2016 (In ₹)
Cash and cash equivalents as presented in cash flow statement	
Balances with banks	
On current account	4,266,371
	4,266,371

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

7. Other Income

	For the quarter ended March 31, 2016 (In ₹)	For the period ended March 31, 2016 (In ₹)
Interest on inter corporate deposit	705,309	785,906
	705,309	**785,906**

8. Other expenses

	For the quarter ended March 31, 2016 (In ₹)	For the period ended March 31, 2016 (In ₹)
Legal and professional fees	46,358	451,613
Auditors' remuneration	7,711	29,757
Miscellaneous expenses	55,586	121,316
	109,655	**602,686**

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9. Nature of operations

Valista Inc. (“the Company”) is a wholly owned subsidiary of Valista Limited. Since the Company became a subsidiary of Persistent Group by virtue of share purchase agreement dated October 2^{nd} 2015.

10. 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 condensed interim financial statements for the quarter and period ended on March 31, 2016 have been prepared in accordance with Accounting Standard 25 read with Rule 7 of the Companies (Accounts) Rules, 2014.

11. Summary of significant accounting policies

(a) Accounting year

The accounting year of the Company is from January 01 to December 31.
Ultimate parent Company Aepona Holdings Limited was acquired by Persistent Systems, Inc. on October 2^{nd}, 2015. The accounts have been prepared from the date of acquisition and hence prior period/year numbers are not presented. The Profit / Loss till October 2^{nd}, 2015 is considered in reserves therefore profit & loss account of the company consists of only the results for the period from October 3^{rd} 2015 to March 31^{st} 2016. These financial statements have been prepared only for the purpose of consolidation.

(b) Functional currency

The Company’s functional currency is USD

(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) 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.

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

(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 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 and subscriptions 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 value added taxes (VAT) 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.

(f) Foreign currency translation

(i) Foreign currency transactions and balances

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.

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 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 / year 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.

(g) 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 Inland Revenue Services (IRS). 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.

(h) 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 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.

(i) 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.

(j) 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.

(k) 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.

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12. Earnings per share

(Amount in ₹)

Particulars		For the quarter ended March 31, 2016	For the period ended March 31, 2016
Basic and diluted Earnings per share			
Numerator Net Profit after tax	A	595,654	183,220
Denominator Weighted average number of ordinary shares	B	2,000	2,000
Basic and diluted Earnings per share (Face Value of US$ 0.001 each)	A/B	297.83	91.61

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 Valista Inc.

per C.K. Joshi
Partner
Membership No.030428
Place: Pune
Date: April 23, 2016

Dr. Anand Deshpande
Director
Place: Pune
Date: April 23, 2016

Sunil Sapre
Director
Place: Pune
Date: April 23, 2016