

Persistent Systems Malaysia Sdn. Bhd.
CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2016

	Notes	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
ASSETS				
Non-current assets				
Property, Plant and Equipment	5.1	10,106,858	16,080,626	14,393,710
Intangible assets	5.2	44,007	128,573	89,117
		10,150,865	16,209,199	14,482,827
Financial assets				
- Loans	6	3,750,768	3,255,452	3,810,422
Other non-current assets	7	-	129,805	71,282
		13,901,633	19,594,456	18,364,531
Current assets				
Financial Assets				
- Trade receivables	8	26,126,885	44,207,008	24,983,058
- Cash and cash equivalents	9	123,323,233	64,023,077	71,240,087
- Loans	10	1,108,009	375,337	1,176,175
Current tax assets (net)		36,916,684	-	39,187,860
Other current assets	11	124,146,022	149,528,337	143,005,715
		311,620,833	258,133,759	279,592,895
TOTAL		325,522,466	277,728,215	297,957,426
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	102,247,081	102,247,081	102,247,081
Other equity		133,986,522	60,425,494	85,770,727
		236,233,603	162,672,575	188,017,808
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities (net)	12	-	856,812	-
		-	856,812	-
Current liabilities				
Financial liabilities				
- Trade payables	13	76,881,121	79,998,629	91,227,156
- Other financial liabilities	14	17,512	673,887	1,827,383
Other current liabilities	15	-	8,362,200	6,901
Provisions	16	12,390,230	16,568,532	16,878,178
Current tax liabilities (net)		-	8,595,580	-
		89,288,863	114,198,828	109,939,618
TOTAL		325,522,466	277,728,215	297,957,426
Summary of significant accounting policies	3			

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 : October 21, 2016

Dr. Anand Deshpande
Director
Place: Pune
Date : October 21, 2016

Azlin Ghazali
Director
Place: Kuala Lumpur
Date : October 21, 2016

Persistent Systems Malaysia Sdn. Bhd.

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2016

	Notes	For the quarter ended		For the half year ended		For the year ended
		September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016
		In ₹	In ₹	In ₹	In ₹	In ₹
Income						
Revenue from operations (net)	17	166,857,893	152,079,034	313,449,720	289,350,891	542,674,885
Other income	18	-	2,536,515	1,971,389	2,816,202	292,815
Total income (A)		166,857,893	154,615,549	315,421,109	292,167,093	542,967,700
Expenses						
Employee benefits expense	19.1	41,670,215	42,620,852	75,359,967	86,437,473	163,462,041
Cost of technical professionals	19.2	88,196,707	98,759,060	157,005,898	182,389,955	346,614,157
Depreciation and amortization expense	5.3	1,974,957	3,895,358	4,002,603	8,633,239	12,613,095
Other expenses	20	7,756,602	7,774,998	17,925,348	18,700,851	44,081,563
Total expenses (B)		139,598,481	153,050,268	254,293,816	296,161,518	566,770,856
Profit / (Loss) before tax (A - B)		27,259,412	1,565,281	61,127,293	(3,994,425)	(23,803,156)
Tax expense						
Current tax expense / (credit)		-	754,054	-	754,054	(20,108,903)
Deferred tax (credit)		-	(248,230)	-	(1,541,226)	(2,432,212)
Total tax expense / (credit)		-	505,824	-	(787,172)	(22,541,115)
Net profit / (loss) for the period / year (C)		27,259,412	1,059,457	61,127,293	(3,207,253)	(1,262,041)
Other comprehensive income						
Items that will not be reclassified to profit or loss (D)						
Items that will be reclassified to profit or loss (E)						
- Exchange differences in translating the financial statements from functional currency to reporting currency		(12,013,058)	(21,332,692)	(12,911,498)	(21,088,113)	2,311,908
		(12,013,058)	(21,332,692)	(12,911,498)	(21,088,113)	2,311,908
Total comprehensive income for the period / year (C) + (D) + (E)		15,246,354	(20,273,235)	48,215,795	(24,295,366)	1,049,867
Earnings per equity share						
[Nominal value of share MYR 1 (Corresponding period / Previous year: MYR 1)]	21					
Basic (In ₹)		5.00	0.19	11.22	(0.59)	(0.23)
Diluted (In ₹)		5.00	0.19	11.22	(0.59)	(0.23)
Summary of significant accounting policies	3					

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

Dr. Anand Deshpande
Director

Azlin Ghazali
Director

Place: Pune
Date : October 21, 2016

Place: Pune
Date : October 21, 2016

Place: Kuala Lumpur
Date : October 21, 2016

Persistent Systems Malaysia Sdn. Bhd.**CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2016**

	For the half year ended		For the year ended
	September 30, 2016	September 30, 2015	March 31, 2016
	In ₹	In ₹	In ₹
Cash flow from operating activities			
Profit before tax	61,127,293	(3,994,425)	(23,803,156)
Adjustments for:			
Depreciation and amortization expense	4,002,603	8,633,239	12,613,095
Unrealised exchange loss/ (gain) (net)	1,308,015	225,157	(13,702,076)
Change in foreign currency translation reserve	(9,934,322)	(18,908,845)	1,541,764
Provision for doubtful receivables	(465,347)	-	889,520
Operating profit before working capital changes	56,038,242	(14,044,874)	(22,460,853)
Movements in working capital :			
(Increase) / decrease in trade receivables	(340,689)	(28,983,031)	824,907
Decrease in other current assets	18,912,242	21,027,546	28,886,979
Decrease / (increase) in loans and advances	59,654	1,225,810	(1,275,442)
Decrease in other non-current assets	71,282	-	-
(Decrease) / Increase in trade payables and current liabilities	(17,792,996)	5,248,862	11,729,311
(Decrease) / Increase in provisions	(4,487,948)	3,181,287	3,490,933
Operating profit after working capital changes	52,459,787	(12,344,400)	21,195,835
Direct taxes paid (net of refunds)	-	(14,481,455)	(40,493,552)
Net cash generated from / (used in) operating activities (A)	52,459,787	(26,825,855)	(19,297,717)
Cash flows from investing activities			
Payment towards capital expenditure	(376,641)	(1,457,432)	(1,768,560)
Net cash (used in) investing activities (B)	(376,641)	(1,457,432)	(1,768,560)
Cash flows from financing activities			
Net cash (used in) financing activities (C)	-	-	-

	For the half year ended		For the year ended
	September 30, 2016	September 30, 2015	March 31, 2016
	In ₹	In ₹	In ₹
Net increase in cash and cash equivalents (A + B + C)	52,083,146	(28,283,287)	(21,066,277)
Cash and cash equivalents at the beginning of the period / year	71,240,087	92,306,364	92,306,364
Cash and cash equivalents at the end of the period / year	123,323,233	64,023,077	71,240,087
Components of cash and cash equivalents			
Cash on hand	-	6,454	2,000
Balances with banks			
On current accounts	123,323,233	64,016,623	71,238,087
Cash and cash equivalents as per note 9	123,323,233	64,023,077	71,240,087

Summary of significant accounting policies - Refer note 3

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 : October 21, 2016

Dr. Anand Deshpande
Director
Place: Pune
Date : October 21, 2016

Azlin Ghazali
Director
Place: Kuala Lumpur
Date : October 21, 2016

Persistent Systems Malaysia Sdn. Bhd.**STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2016****A. Equity share capital**

(Refer note 4)

In ₹

Balance as at April 1, 2016	Changes in equity share capital during the period	Balance as at September 30, 2016
102,247,081	-	102,247,081

In ₹

Balance as at April 1, 2015	Changes in equity share capital during the period	Balance as at September 30, 2015
102,247,081	-	102,247,081

In ₹

Balance as at April 1, 2015	Changes in equity share capital during the year	Balance as at March 31, 2016
102,247,081	-	102,247,081

(This space is intentionally left blank)

Persistent Systems Malaysia Sdn. Bhd.

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 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	
Balance as at April 1, 2016	99,974,180	(14,203,453)	85,770,727
Net profit for the period	61,127,293	-	61,127,293
Other comprehensive income for the period	-	(12,911,498)	(12,911,498)
Balance at September 30, 2016	161,101,473	(27,114,951)	133,986,522

In ₹

Particulars	Reserves and surplus	Items of other comprehensive income	Total
	Retained earnings	Exchange differences on translating the financial statements	
Balance as at April 1, 2015	99,412,127	(16,515,361)	82,896,766
Ind AS adjustments on first time adoption (Refer note 22)	1,824,094	-	1,824,094
Net profit for the period	(3,207,253)	-	(3,207,253)
Other comprehensive income for the period	-	(21,088,113)	(21,088,113)
Balance at September 30, 2015	98,028,968	(37,603,474)	60,425,494

In ₹

Particulars	Reserves and surplus	Items of other comprehensive income	Total
	Retained earnings	Exchange differences on translating the financial statements	
Balance as at April 1, 2015	99,412,127	(16,515,361)	82,896,766
Ind AS adjustments on first time adoption (Refer note 22)	1,824,094	-	1,824,094
Net profit for the period	(1,262,041)	-	(1,262,041)
Other comprehensive income for the period	-	2,311,908	2,311,908
Balance at March 31, 2016	99,974,180	(14,203,453)	85,770,727

1. Nature of operations

Persistent Systems Malaysia Sdn. Bhd. ("the Company") 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.

2. 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, September 30, 2015 and April 1, 2015 and of the comprehensive net income for the half year ended September 30, 2015 and the year 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.

3. 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 financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of 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 accumulated impairment losses, if any. The cost comprises the purchase price and directly 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 Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. 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 disposal 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 disposed.

(e) Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the asset;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Such development expenditure, until capitalization, is reflected as intangible assets under development.

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization of internally generated intangible asset begins when the development is complete and the asset is available for use.

(f) Depreciation and amortization

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
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Plant and equipment (Solar Energy System)*	10 years
Furniture and fixtures*	5 years
Vehicles*	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.

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.

(h) 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.

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.

(i) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement 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 part of the cost of the respective asset. All other borrowing costs are expensed in the period/ year they occur.

(j) Leases

Where the Company is a lessee

Leases that transfers substantially all the risks and rewards incidental to ownership to the Company are classified as finance leases.

Finance leases are capitalized at the lower of the inception date fair value of the leased assets and the present value of the minimum lease payments.

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 as per the terms of the lease agreements.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Company. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Income from software services

Revenue from time and material engagements is recognized on time proportion basis as and when the services are rendered 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 royalty is recognized in accordance with the terms of the relevant agreements.

Revenue from maintenance contracts and subscription is recognized on a pro-rata basis over the period of the contract.

Revenue from licensing of software and sale of products is recognized upon delivery.

Unbilled revenue represents revenue recognized in relation to work done 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 service tax and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

(iii) Dividend

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.

(l) Foreign currency translation

(i) Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the functional currency viz. SGD, 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 / year end conversion is translated to Currency Translation Reserve and the said amount is shown under the head "Other Equity".

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.

(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.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act enacted in Malaysia, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate.

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 year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting 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 year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(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 determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. 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 financial statements.

(q) Cash and cash equivalents

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

(This space is intentionally left blank)

4. Share capital

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
Authorized shares (No.)			
10,000,000 Equity shares of MYR 1 each (previous year 10,000,000 of MYR 1 each)	MYR 10,000,000	MYR 10,000,000	MYR 10,000,000
	MYR 10,000,000	MYR 10,000,000	MYR 10,000,000
Issued, subscribed and fully paid-up shares (No.)			
5,450,000 Equity shares of 1 MYR each fully paid (Previous year 5,450,000 Equity shares of MYR 1 each)	102,247,081	102,247,081	102,247,081
Issued, subscribed and fully paid-up share capital	102,247,081	102,247,081	102,247,081

a) Reconciliation of the shares outstanding at the beginning and at the end of the year

The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

	As at September 30, 2016		As at September 30, 2015		As at March 31, 2015	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the period / year	5,450,000	102,247,081	5,450,000	102,247,081	5,450,000	102,247,081
Add : Issued during the period / year	-	-	-	-	-	-
Number of shares at the end of the period / year	5,450,000	102,247,081	5,450,000	102,247,081	5,450,000	102,247,081

(This space is intentionally left blank)

Persistent Systems Malaysia Sdn. Bhd.

Notes forming part of condensed financial statements

5.1 Property, Plant and Equipment

						In ₹
	Computers	Office equipments	Plant and Equipment - Freehold	Leasehold improvements	Furniture and fixtures	Total
Gross block (At cost)						
As at April 1, 2016	31,538,856	152,313	6,999,408	2,351,132	7,801,175	48,842,884
Additions	376,641	-	-	-	-	376,641
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(1,827,867)	(8,828)	(405,659)	(136,262)	(452,125)	(2,830,741)
As at September 30, 2016	30,087,630	143,485	6,593,749	2,214,870	7,349,050	46,388,784
Depreciation and amortization						
As at April 1, 2016	26,408,591	73,935	3,333,778	855,002	3,777,868	34,449,174
Charge for the period	2,148,118	16,982	766,129	191,677	838,374	3,961,280
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(1,602,113)	(4,851)	(218,740)	(55,941)	(246,883)	(2,128,528)
As at September 30, 2016	26,954,596	86,066	3,881,167	990,738	4,369,359	36,281,926
Net block						
As at September 30, 2016	3,133,034	57,419	2,712,582	1,224,132	2,979,691	10,106,858
As at March 31, 2016	5,130,265	78,378	3,665,630	1,496,130	4,023,307	14,393,710

						In ₹
	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Total
Gross block (At cost)						
As at April 1, 2015	29,388,336	118,654	6,910,932	2,321,412	7,702,564	46,441,898
Additions	1,429,396	28,036	-	-	-	1,457,432
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(3,606,855)	(13,824)	(805,176)	(270,461)	(897,407)	(5,593,723)
As at September 30, 2015	27,210,877	132,866	6,105,756	2,050,951	6,805,157	42,305,607
Depreciation and amortization						
As at April 1, 2015	16,897,724	41,450	1,739,360	455,786	2,031,543	21,165,863
Charge for the period	6,676,938	14,340	775,336	194,010	848,346	8,508,970
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(2,740,749)	(6,487)	(292,298)	(75,535)	(334,783)	(3,449,852)
As at September 30, 2015	20,833,913	49,303	2,222,398	574,261	2,545,106	26,224,981
Net block						
As at September 30, 2015	6,376,964	83,563	3,883,358	1,476,690	4,260,051	16,080,626
As at March 31, 2016	12,490,612	77,204	5,171,572	1,865,626	5,671,021	25,276,035

						In ₹
	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Total
Gross block (At cost)						
As at April 1, 2015	29,388,336	118,654	6,910,932	2,321,412	7,702,564	46,441,898
Additions	1,740,524	28,036	-	-	-	1,768,560
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	409,996	5,623	88,476	29,720	98,611	632,426
As at March 31, 2016	31,538,856	152,313	6,999,408	2,351,132	7,801,175	48,842,884
Depreciation and amortization						
As at April 1, 2015	16,897,724	41,450	1,739,360	455,786	2,031,543	21,165,863
Charge for the year	8,883,570	30,541	1,502,635	375,986	1,644,252	12,436,984
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	627,297	1,944	91,783	23,230	102,073	846,327
As at March 31, 2016	26,408,591	73,935	3,333,778	855,002	3,777,868	34,449,174
Net block						
As at March 31, 2016	5,130,265	78,378	3,665,630	1,496,130	4,023,307	14,393,710
As at March 31, 2015	12,490,612	77,204	5,171,572	1,865,626	5,671,021	25,276,035

Persistent Systems Malaysia Sdn. Bhd.
Notes forming part of condensed financial statements
5.2. Intangible assets

	In ₹	
	Software	Total
Gross block (At Cost)		
As at April 1, 2016	553,098	553,098
Additions	-	-
Disposals	-	-
Effect of foreign currency exchange differences	(32,055)	(32,055)
As at September 30, 2016	521,043	521,043
Amortization		
As at April 1, 2016	463,981	463,981
Charge for the period	41,323	41,323
Reversals/ Disposals during the period	-	-
Effect of foreign currency exchange differences	(28,268)	(28,268)
As at September 30, 2016	477,036	477,036
Net block		
As at September 30, 2016	44,007	44,007
As at March 31, 2016	89,117	89,117
<hr/>		
	Software	Total
Gross block (At Cost)		
As at April 1, 2015	546,106	546,106
Additions	-	-
Disposals	-	-
Effect of foreign currency exchange differences	(63,625)	(63,625)
As at September 30, 2015	482,481	482,481
Amortization		
As at April 1, 2015	276,187	276,187
Charge for the period	124,269	124,269
Reversals/ Disposals during the period	-	-
Effect of foreign currency exchange differences	(46,548)	(46,548)
As at September 30, 2015	353,908	353,908
Net block		
As at September 30, 2015	128,573	128,573
As at March 31, 2015	269,919	269,919
<hr/>		
	In ₹	
	Software	Total
Gross block (At Cost)		
As at April 1, 2015	546,106	546,106
Additions	-	-
Disposals	-	-
Effect of foreign currency exchange differences	6,992	6,992
As at March 31, 2016	553,098	553,098
Amortization		
As at April 1, 2015	276,187	276,187
Charge for the year	176,111	176,111
Reversals/ Disposals during the period	-	-
Effect of foreign currency exchange differences	11,683	11,683
As at March 31, 2016	463,981	463,981
Net block		
As at March 31, 2016	89,117	89,117
As at March 31, 2015	269,919	269,919

Persistent Systems Malaysia Sdn. Bhd.

Notes forming part of condensed financial statements

5.3. Depreciation and amortization

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016
	In ₹				
On Property, Plant and Equipment	1,954,941	3,834,914	3,961,280	8,508,970	12,436,984
On intangible assets	20,016	60,444	41,323	124,269	176,111
	1,974,957	3,895,358	4,002,603	8,633,239	12,613,095

6. Non-current financial assets : Loans

	As at	As at	As at
	September 30, 2016	September 30, 2015	March 31, 2016
	In ₹		
Security deposits (At amortised cost)			
Unsecured, considered good	3,750,768	3,255,452	3,810,422
Unsecured, considered doubtful	-	-	-
	3,750,768	3,255,452	3,810,422
Less: Provision for doubtful deposits	-	-	-
	3,750,768	3,255,452	3,810,422

7. Other non-current assets

	As at	As at	As at
	September 30, 2016	September 30, 2015	March 31, 2016
	In ₹		
Advances (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	-	129,805	71,282
	-	129,805	71,282

8. Trade receivables

	As at	As at	As at
	September 30, 2016	September 30, 2015	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	467,878	-	930,671
	467,878	-	930,671
Less : Provision for doubtful receivables	(467,878)	-	(930,671)
	-	-	-
Others			
Unsecured, considered good	26,126,885	44,207,008	24,983,058
Unsecured, considered doubtful	-	-	-
	26,126,885	44,207,008	24,983,058
Less : Provision for doubtful receivables	-	-	-
	26,126,885	44,207,008	24,983,058

(This space is intentionally left blank)

Persistent Systems Malaysia Sdn. Bhd.

Notes forming part of condensed financial statements

9. Cash and cash equivalents

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
Cash and cash equivalents as presented in cash flow statement			
Cash in hand	-	6,454	2,000
Balances with banks			
On current accounts	123,323,233	64,016,623	71,238,087
	123,323,233	64,023,077	71,240,087

10. Current financial assets : Loans

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
Carried at amortised cost			
Security Deposits			
Unsecured, considered good	1,108,009	375,337	1,176,175
	1,108,009	375,337	1,176,175

11. Other current assets

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
Advances (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	4,718,596	2,893,410	4,235,185
Other advances (Unsecured, considered good)			
GST receivable (net)	494,507	363,819	358,855
Unbilled revenue	118,932,919	146,271,108	138,411,675
	124,146,022	149,528,337	143,005,715

(This space is intentionally left blank)

Persistent Systems Malaysia Sdn. Bhd.

Notes forming part of condensed financial statements

12. Deferred tax liability (net)

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
Deferred tax liabilities			
Difference in book values and tax base values and other differences in a block of property, plant and equipment and other intangible assets as per tax books and financial books	-	856,812	-
	<u>-</u>	<u>856,812</u>	<u>-</u>

13. Trade payables

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
Trade payables for goods and services	76,881,121	79,998,629	91,227,156
	<u>76,881,121</u>	<u>79,998,629</u>	<u>91,227,156</u>

14. Other current financial liabilities

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
Advance from related parties (Unsecured, considered good)			
-Persistent Systems Limited	17,512	413,534	1,233,188
-Persistent Systems Inc.	-	260,353	594,195
	<u>17,512</u>	<u>673,887</u>	<u>1,827,383</u>

15. Other current liabilities

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
Advance from customers	-	8,343,228	-
Unearned revenue	-	18,972	6,901
	<u>-</u>	<u>8,362,200</u>	<u>6,901</u>

16. Current liabilities : Provisions

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
Provision for employee benefits			
Leave encashment	-	1,714,333	-
Other employee benefits	12,390,230	14,854,199	16,878,178
	<u>12,390,230</u>	<u>16,568,532</u>	<u>16,878,178</u>

(This space is intentionally left blank)

Persistent Systems Malaysia Sdn. Bhd.

Notes forming part of condensed financial statements

17. Revenue from operations (net)

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016
	In ₹	In ₹	In ₹	In ₹	In ₹
Software services	166,857,893	152,079,034	313,449,720	289,350,891	542,674,885
	166,857,893	152,079,034	313,449,720	289,350,891	542,674,885

18. Other income

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016
	In ₹	In ₹	In ₹	In ₹	In ₹
Interest income					
Foreign exchange gain (net)	-	2,536,515	1,971,389	2,816,202	292,815
	-	2,536,515	1,971,389	2,816,202	292,815

19. Personnel expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016
	In ₹	In ₹	In ₹	In ₹	In ₹
19.1 Employee benefits expense					
Salaries, wages and bonus	36,020,032	36,452,959	62,872,734	73,373,341	138,715,224
Defined contribution to other funds	4,012,479	3,808,927	8,390,313	8,311,052	16,452,029
Staff welfare and benefits	1,628,719	2,358,966	4,079,271	4,753,080	8,294,788
Employee stock option expenses	8,985	-	17,649	-	-
	41,670,215	42,620,852	75,359,967	86,437,473	163,462,041
19.2 Cost of technical professionals					
Technical professionals - related parties	85,919,188	98,155,053	151,852,775	180,987,535	340,081,766
Technical professionals - others	2,277,519	604,007	5,153,123	1,402,420	6,532,391
	88,196,707	98,759,060	157,005,898	182,389,955	346,614,157
	129,866,922	141,379,912	232,365,865	268,827,428	510,076,198

(This space is intentionally left blank)

Persistent Systems Malaysia Sdn. Bhd.**Notes forming part of condensed financial statements****20. Other expenses**

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016
	In ₹	In ₹	In ₹	In ₹	In ₹
Travelling and conveyance	976,620	838,184	3,393,368	5,219,577	14,147,933
Electricity expenses (net)	867,017	853,248	1,829,388	1,753,188	3,455,363
Internet link expenses	719,539	807,655	1,462,824	1,591,752	3,003,346
Communication expenses	141,649	177,427	311,716	413,235	768,392
Recruitment expenses	(1,782)	12,503	210,916	461,737	450,439
Training and seminars	(336,618)	(65,605)	(150,801)	(521,141)	(449,423)
Purchase of software licenses and support expenses	350,405	149,247	784,667	459,355	1,478,917
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	(465,347)	-	(465,347)	-	889,520
Rent	2,742,843	2,765,418	5,506,879	5,264,945	10,251,980
Insurance	71,585	67,494	143,593	138,764	281,644
Rates and taxes	979	19,046	18,485	23,538	42,346
Legal and professional fees	546,961	654,029	1,172,623	859,507	2,086,834
Repairs and maintenance					
- Plant and Machinery	977,792	631,192	1,970,870	1,139,473	3,511,574
- Others	14,587	7,421	23,491	20,623	67,542
Advertisement and sponsorship fees	49,992	62,741	80,704	70,335	445,014
Computer consumables	1,966	(5)	1,966	152	48,745
Auditors' remuneration	77,790	(31,165)	178,662	153,376	352,098
Books, memberships, subscriptions	110,900	268,137	399,773	523,573	1,072,299
Foreign exchange loss (net)	392,214	-	-	-	-
Miscellaneous expenses	517,510	558,031	1,051,571	1,128,862	2,177,000
	7,756,602	7,774,998	17,925,348	18,700,851	44,081,563

(This space is intentionally left blank)

21. Earnings per share

		For the quarter ended		For the half year ended		For the year ended
		September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016
<u>Numerator for Basic and Diluted EPS</u>						
Net Profit after tax (In ₹)	(A)	27,259,412	1,059,457	61,127,293	(3,207,253)	(1,262,041)
<u>Denominator for Basic EPS</u>						
Weighted average number of equity shares of MYR 1 each	(B)	5,450,000	5,450,000	5,450,000	5,450,000	5,450,000
<u>Denominator for Diluted EPS</u>						
Number of equity shares of MYR 1 each	(C)	5,450,000	5,450,000	5,450,000	5,450,000	5,450,000
Basic Earnings per share of MYR 1 each (In ₹)	(A/B)	5.00	0.19	11.22	(0.59)	(0.23)
Diluted Earnings per share of MYR 1 each (In ₹)	(A/C)	5.00	0.19	11.22	(0.59)	(0.23)

(This space is intentionally left blank)

Persistent Systems Malaysia Sdn. Bhd.

Notes forming part of condensed financial statements

22. First-time adoption of Ind-AS

These condensed financial statements for the quarter and half year ended September 30, 2016 have been 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 condensed financial statements which comply with Ind-AS applicable for period ending on September 30 2016, together with the comparative period data as at and for the period ended September 30, 2015 and for the year ended March 31, 2016. In preparing these condensed financial statements, the Company's opening balance sheet was prepared as at April 1, 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 April 1, 2015 and the financial statements as at and for the period ended September 30, 2015 and for the year 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. 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 transition to Ind AS i.e. April 1, 2015.

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:

- equity as at April 1, 2015
- equity as at September 30, 2015
- equity as at March 31, 2016
- Profit for the half year ended September 30, 2015
- Profit for the year ended March 31, 2016

There are no material adjustments to the cash flow statements.

(This space is intentionally left blank)

Persistent Systems Malaysia Sdn. Bhd.

Notes forming part of condensed financial statements

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

Particulars	Note	01-Apr-15			30-Sep-15				31-Mar-16				Note
		Indian GAAP	Effect of transition to Ind AS	Ind AS	Indian GAAP	Effect of transition to Ind AS	Reclassification adjustments	Ind AS	Indian GAAP	Effect of transition to Ind AS	Reclassification adjustments	Ind AS	
Assets													
Non-current assets													
Financial assets													
- Loans	6	3,521,019	(178,417)	3,342,602	3,388,175	(132,723)	-	3,255,452	43,071,936	(73,654)	(39,187,860)	3,810,422	
Other non-current assets	7	-	175,075	175,075	-	129,805	-	129,805	-	71,282	-	71,282	Note 2
Current assets													
Other current assets	11				146,271,108	-	3,257,229	149,528,337	138,411,675	-	4,594,040	143,005,715	
Liabilities													
Equity													
Other Equity		82,896,766	1,824,095	84,720,861	58,088,381	2,337,113		60,425,494	83,128,697	2,642,030		85,770,727	Note 1 & 2
Current liabilities													
Financial liabilities													
-Trade payables	14	77,439,315	(1,827,436)	75,611,879	82,338,660	(2,340,031)	-	79,998,629	93,871,558	(2,644,402)	-	91,227,156	Note 1

Further, following reclassifications related to assets and liabilities have been made as per Ind AS compliant format of the financial statements:

Particulars	30-Sep-15	31-Mar-16	Old schedule name
Current Financial assets			
-Loans	375,337	1,176,175	Short term loans and advances
Current tax assets (net)	-	39,187,860	Long-term loans and advances
Other current assets	3,257,229	4,594,040	Short term loans and advances
Current liabilities			
Financial liabilities			
-Other financial liabilities	673,887	1,827,383	Short-term borrowings
Current tax liabilities (net)	8,595,580	-	Short term Provisions

Persistent Systems Malaysia Sdn. Bhd.

Notes forming part of condensed financial statements

Reconciliation of profit

Particulars	Note	Quarter ended September 30, 2015			Half year ended September 30, 2015			Year ended March 31, 2016			Note
		Indian GAAP	Effect of transition to Ind AS	Ind AS	Indian GAAP	Effect of transition to Ind AS	Ind AS	Indian GAAP	Effect of transition to Ind AS	Ind AS	
Income											
Revenue from operations (net)	17	152,079,034	-	152,079,034	289,350,891	-	289,350,891	542,674,885	-	542,674,885	
Other income	18	2,536,515	-	2,536,515	2,816,202	-	2,816,202	292,815	100,131	392,946	Note 2
Other expenses	19 & 20	149,154,910	-	149,154,910	287,982,083	(453,804)	287,528,279	554,939,532	(681,640)	554,257,892	Note 1 and Note 2
Depreciation and amortization	5.3	3,895,358	-	3,895,358	8,633,239	-	8,633,239	12,613,095	-	12,613,095	
Profit before tax (A - B)		1,565,281	-	1,565,281	(4,448,229)	453,804	(3,994,425)	(24,584,927)	781,771	(23,803,156)	
Total tax expense	PL	505,824	-	505,824	(787,172)	-	(787,172)	(22,541,115)	-	(22,541,115)	
Net profit for the year	PL	1,059,457	-	1,059,457	(3,661,057)	453,804	(3,207,253)	(2,043,812)	781,771	(1,262,041)	

Notes
Note 1

Under Indian GAAP, the expenditure and corresponding liability for escalation of lease rent during non-cancellable lease period is required to be considered and total lease rent payable during non-cancellable lease period is recognized on straight line basis over the non-cancellable lease period. Under Ind AS, this additional expenses and corresponding liability on lease escalation is not required to be recognized if such escalation represents normal inflation in the economy. Accordingly, the excess expenses and corresponding lease escalation liability is reversed. The impact arising on this change is summarized as follows:

Particulars	01-Apr-15	30-Sep-15	31-Mar-16
Statement of profit and loss			
Other expenses	-	(453,325)	(780,844)
Balance sheet			
Trade payables	(1,827,436)	(512,595)	(816,966)
Adjustment to retained earnings	1,827,436	-	-

Note 2

Under Indian GAAP, the security deposits are recognized at the transaction value. Under Ind AS, the security deposits (financial assets) are recognized at the fair value under amortized cost method. The difference between the fair value and the transaction value is considered as prepaid rent and amortized over the period of lease. The finance income is recognized on the amortized cost of security deposits for the reported period. The impact arising on this change is summarized as follows:

Particulars	01-Apr-15	30-Sep-15	31-Mar-16
Statement of profit and loss			
Other expenses (Prepaid rent)	-	51,189	99,204
Other income (Finance income)	-	(51,668)	(100,131)
Balance sheet			
Non current loans			
Non current loans	175,075	424	970
Other non-current assets			
Adjustment to retained earnings	175,075	55	(43)

23. Contingent liabilities

The Company does not have any contingent liability as on September 30, 2016 (previous period/ year ₹ Nil).

- 24.** Previous period's / year's figures have been regrouped where necessary to conform to current periods' classification.

As per our report of even date

**For Joshi Apte &Co.,
Firm registration no. 104370W
Chartered Accountants**

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

per C.K. Joshi
Partner
Membership No.030428
Place: Pune
Date : October 21, 2016

Dr. Anand Deshpande
Director
Place: Pune
Date : October 21, 2016

Azlin Ghazali
Director
Place: Kuala Lumpur
Date : October 21, 2016