Persistent Systems Malaysia Sdn. Bhd.

CONDENSED BALANCE SHEET AS AT DECEMBER 31 2016

	Notes	As at December 31, 2016 In ₹	As at December 31, 2015 In ₹	As at March 31, 2016 In ₹
ASSETS				
Non-current assets				
Property, Plant and Equipment	5.1	8,862,494	14,936,428	14,393,710
Intangible assets	5.2	29,492	99,816	89,117
		8,891,986	**15,036,244**	**14,482,827**
Financial assets				
- Loans	6	3,527,677	3,391,738	3,810,422
Other non-current assets	7	-	104,941	71,282
		12,419,663	**18,532,923**	**18,364,531**
Current assets				
Financial Assets				
- Trade receivables	8	30,819,246	49,245,067	24,983,058
- Cash and cash equivalents	9	79,674,411	51,086,480	71,240,087
- Loans	10	1,042,106	1,059,677	1,176,175
Current tax assets (net)		34,720,924	-	39,187,860
Other current assets	11	118,570,327	141,940,818	143,005,715
		264,827,014	**243,332,042**	**279,592,895**
TOTAL		**277,246,677**	**261,864,965**	**297,957,426**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	102,247,081	102,247,081	102,247,081
Other equity		117,817,230	38,846,733	85,770,727
		220,064,311	**141,093,814**	**188,017,808**
LIABILITIES				
Non- current liabilities				
Deferred tax liabilities (net)	12	-	2,292,678	-
		-	**2,292,678**	**-**
Current liabilities				
Financial liabilities				
- Trade payables	13	50,536,983	101,198,614	91,227,156
- Other financial liabilities	14	30,388	1,021,734	1,827,383
Other current liabilities	15	-	-	6,901
Provisions	16	6,614,995	10,379,573	16,878,178
Current tax liabilities (net)		-	5,878,552	-
		57,182,366	**118,478,473**	**109,939,618**
TOTAL		**277,246,677**	**261,864,965**	**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 : January 20, 2017

Dr. Anand Deshpande
Director
Place: Pune
Date : January 20, 2017

Azlin Ghazali
Director
Place: Kuala Lumpur
Date : January 20, 2017

Persistent Systems Malaysia Sdn. Bhd.

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016

	Notes	For the quarter ended		For the nine months ended		For the year ended
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
		In ₹	In ₹	In ₹	In ₹	In ₹
Income						
Revenue from operations (net)	17	111,819,197	105,458,695	425,268,917	394,809,586	542,674,885
Other income	18	-	-	1,039,209	299,711	292,815
Total income (A)		**111,819,197**	**105,458,695**	**426,308,126**	**395,109,297**	**542,967,700**
Expenses						
Employee benefits expense	19.1	38,222,283	37,104,617	113,582,250	123,542,090	163,462,041
Cost of technical professionals	19.2	66,901,849	78,812,459	223,907,747	261,202,414	346,614,157
Depreciation and amortization expense	5.3	1,908,547	1,875,519	5,911,150	10,508,758	12,613,095
Other expenses	20	8,388,112	15,468,371	25,381,280	31,432,156	44,081,563
Total expenses (B)		**115,420,791**	**133,260,966**	**368,782,427**	**426,685,418**	**566,770,856**
Profit / (Loss) before tax (A - B)		**(3,601,594)**	**(27,802,271)**	**57,525,699**	**(31,576,121)**	**(23,803,156)**
Tax expense						
Current tax expense / (credit)		-	(754,054)	-	-	(20,108,903)
Deferred tax (credit)		-	1,541,226	-	-	(2,432,212)
Total tax expense / (credit)		**-**	**787,172**	**-**	**-**	**(22,541,115)**
Net profit / (loss) for the period / year (C)		**(3,601,594)**	**(28,589,443)**	**57,525,699**	**(31,576,121)**	**(1,262,041)**
Other comprehensive income						
Items that will not be reclassified to profit or loss (D)		-	-	-	-	-
Items that may be reclassified to profit or loss (E)						
- Exchange differences in translating the financial statements from functional currency to reporting currency		(24,580,756)	(14,542,585)	(25,479,196)	(14,298,006)	2,311,908
		(24,580,756)	**(14,542,585)**	**(25,479,196)**	**(14,298,006)**	**2,311,908**
Total comprehensive income for the period / year (C) + (D) + (E)		**(28,182,350)**	**(43,132,028)**	**32,046,503**	**(45,874,127)**	**1,049,867**
Earnings per equity share [Nominal value of share MYR 1 (Corresponding period / Previous year: MYR 1)]	21					
Basic (In ₹)		(0.66)	(5.25)	10.56	(5.79)	(0.23)
Diluted (In ₹)		(0.66)	(5.25)	10.56	(5.79)	(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

Place: Pune
Date : January 20, 2017

Dr. Anand Deshpande
Director

Place: Pune
Date : January 20, 2017

Azlin Ghazali
Director

Place: Kuala Lumpur
Date : January 20, 2017

Persistent Systems Malaysia Sdn. Bhd.

CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2016

		For the nine months ended		For the year ended
		December 31, 2016	December 31, 2015	March 31, 2016
		In ₹	In ₹	In ₹
Cash flow from operating activities				
Profit before tax		**57,525,699**	**(31,576,121)**	**(23,803,156)**
Adjustments for:				
Depreciation and amortization expense		5,911,150	10,508,758	12,613,095
Unrealised exchange loss/ (gain) (net)		16,106	86,869	(13,702,076)
Change in foreign currency translation reserve		(19,757,034)	(13,557,535)	1,541,764
Provision for doubtful receivables		(463,473)	441,857	889,520
Operating profit before working capital changes		**43,232,448**	**(34,096,172)**	**(22,460,853)**
Movements in working capital :				
(Increase) / decrease in trade receivables		(3,662,121)	(34,462,947)	824,907
Decrease in other current assets		24,553,057	31,712,970	28,886,979
Decrease / (increase) in loans and advances		282,745	(2,556,667)	(1,275,442)
Decrease in other non-current assets		71,282	-	-
(Decrease) / Increase in trade payables and current liabilities		(44,204,369)	18,572,782	11,729,311
(Decrease) / Increase in provisions		(10,263,183)	(3,007,672)	3,490,933
Operating profit after working capital changes		**10,009,859**	**(23,837,706)**	**21,195,835**
Direct taxes paid (net of refunds)		-	(15,613,618)	(40,493,552)
Net cash generated from / (used in) operating activities	**(A)**	**10,009,859**	**(39,451,324)**	**(19,297,717)**
Cash flows from investing activities				
Payment towards capital expenditure		(1,575,535)	(1,768,560)	(1,768,560)
Net cash (used in) investing activities	**(B)**	**(1,575,535)**	**(1,768,560)**	**(1,768,560)**
Cash flows from financing activities		**-**	**-**	-
Net cash (used in) financing activities	**(C)**	**-**	**-**	**-**

	For the nine months ended		For the year ended
	December 31, 2016	December 31, 2015	March 31, 2016
	In ₹	In ₹	In ₹
Net increase in cash and cash equivalents (A + B + C)	8,434,324	(41,219,884)	(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	**79,674,411**	**51,086,480**	**71,240,087**
Components of cash and cash equivalents			
Cash on hand	-	146	2,000
Balances with banks			
On current accounts	79,674,411	51,086,334	71,238,087
Cash and cash equivalents as per note 9	**79,674,411**	**51,086,480**	**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 : January 20, 2017

Dr. Anand Deshpande
Director
Place: Pune
Date : January 20, 2017

Azlin Ghazali
Director
Place: Kuala Lumpur
Date : January 20, 2017

Persistent Systems Malaysia Sdn. Bhd.

STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED DECEMBER 31, 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 December 31 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 December 31, 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 NINE MONTHS ENDED DECEMBER 31, 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	57,525,699	-	57,525,699
Other comprehensive income for the period	-	(25,479,196)	(25,479,196)
Balance at December 31, 2016	**157,499,879**	**(39,682,649)**	**117,817,230**

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	(31,576,121)	-	(31,576,121)
Other comprehensive income for the period	-	(14,298,006)	(14,298,006)
Balance at December 31, 2015	**69,660,100**	**(30,813,367)**	**38,846,733**

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**

Notes forming part of condensed financial statements

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, December 31, 2015 and April 1, 2015 and of the comprehensive net income for the nine months ended December 31, 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 December 31, 2016 In ₹	As at December 31, 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:

(In ₹)

	As at December 31, 2016		As at December 31, 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)

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	1,091,803	-	483,732	-	-	1,575,535
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(3,617,440)	(17,362)	(797,844)	(268,000)	(889,238)	(5,589,884)
As at December 31, 2016	**29,013,219**	**134,951**	**6,685,296**	**2,083,132**	**6,911,937**	**44,828,535**
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	3,177,844	24,967	1,140,666	281,810	1,232,632	5,857,919
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(3,234,989)	(10,194)	(460,677)	(117,390)	(517,802)	(4,341,052)
As at December 31, 2016	**26,351,446**	**88,708**	**4,013,767**	**1,019,422**	**4,492,698**	**35,966,041**
Net block						
As at December 31, 2016	**2,661,773**	**46,243**	**2,671,529**	**1,063,710**	**2,419,239**	**8,862,494**
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	1,740,524	28,036	-	-	-	1,768,560
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(2,713,874)	(9,463)	(604,804)	(203,156)	(674,082)	(4,205,379)
As at December 31, 2015	**28,414,986**	**137,227**	**6,306,128**	**2,118,256**	**7,028,482**	**44,005,079**
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	7,682,983	22,269	1,129,500	282,626	1,235,915	10,353,293
Disposals						
Effect of foreign currency translation from functional currency to reporting currency	(1,922,697)	(4,914)	(217,479)	(56,217)	(249,198)	(2,450,505)
As at December 31, 2015	**22,658,010**	**58,805**	**2,651,381**	**682,195**	**3,018,260**	**29,068,651**
Net block						
As at December 31, 2015	**5,756,976**	**78,422**	**3,654,747**	**1,436,061**	**4,010,222**	**14,936,428**
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	(63,046)	(63,046)
As at December 31, 2016	**490,052**	**490,052**
Amortization		
As at April 1, 2016	463,981	463,981
Charge for the period	53,231	53,231
Reversals/ Disposals during the period	-	-
Effect of foreign currency exchange differences	(56,652)	(56,652)
As at December 31, 2016	**460,560**	**460,560**
Net block		
As at December 31, 2016	**29,492**	**29,492**
As at March 31, 2016	**89,117**	**89,117**

	Software	Total
Gross block (At Cost)		
As at April 1, 2015	546,106	546,106
Additions	-	-
Disposals	-	-
Effect of foreign currency exchange differences	(47,791)	(47,791)
As at December 31, 2015	**498,315**	**498,315**
Amortization		
As at April 1, 2015	276,187	276,187
Charge for the period	155,465	155,465
Reversals/ Disposals during the period	-	-
Effect of foreign currency exchange differences	(33,153)	(33,153)
As at December 31, 2015	**398,499**	**398,499**
Net block		
As at December 31, 2015	**99,816**	**99,816**
As at March 31, 2015	**269,919**	**269,919**

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**

5.3. Depreciation and amortization

In ₹

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
On Property, Plant and Equipment	1,896,639	1,844,323	5,857,919	10,353,293	12,436,984
On intangible assets	11,908	31,196	53,231	155,465	176,111
	1,908,547	**1,875,519**	**5,911,150**	**10,508,758**	**12,613,095**

6. Non-current financial assets : Loans

	As at December 31, 2016 In ₹	As at December 31, 2015 In ₹	As at March 31, 2016 In ₹
Security deposits (At amortised cost)			
Unsecured, considered good	3,527,677	3,391,738	3,810,422
Unsecured, considered doubtful	-	-	-
	3,527,677	**3,391,738**	**3,810,422**
Less: Provision for doubtful deposits	-	-	-
	3,527,677	**3,391,738**	**3,810,422**

7. Other non-current assets

	As at December 31, 2016 In ₹	As at December 31, 2015 In ₹	As at March 31, 2016 In ₹
Advances (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	-	104,941	71,282
	-	**104,941**	**71,282**

8. Trade receivables

	As at December 31, 2016 In ₹	As at December 31, 2015 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	-	416,327	930,671
	-	**416,327**	**930,671**
Less : Provision for doubtful receivables	-	(416,327)	(930,671)
	-	**-**	**-**
Others			
Unsecured, considered good	30,819,246	49,245,067	24,983,058
Unsecured, considered doubtful	-	-	-
	30,819,246	**49,245,067**	**24,983,058**
Less : Provision for doubtful receivables	-	-	-
	30,819,246	**49,245,067**	**24,983,058**
	30,819,246	**49,245,067**	**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 December 31, 2016 In ₹	As at December 31, 2015 In ₹	As at March 31, 2016 In ₹
Cash and cash equivalents as presented in cash flow statement			
Cash in hand	-	146	2,000
Balances with banks			
On current accounts	79,674,411	51,086,334	71,238,087
	79,674,411	**51,086,480**	**71,240,087**

10. Current financial assets : Loans

	As at December 31, 2016 In ₹	As at December 31, 2015 In ₹	As at March 31, 2016 In ₹
Carried at amortised cost			
Security Deposits			
Unsecured, considered good	1,042,106	1,059,677	1,176,175
	1,042,106	**1,059,677**	**1,176,175**

11. Other current assets

	As at December 31, 2016 In ₹	As at December 31, 2015 In ₹	As at March 31, 2016 In ₹
Advances (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	3,428,457	6,140,251	4,235,185
Other advances (Unsecured, considered good)			
GST receivable (net)	341,761	214,883	358,855
Unbilled revenue	114,800,109	135,585,684	138,411,675
	118,570,327	**141,940,818**	**143,005,715**

(This space is intentionally left blank)

12. Deferred tax liability (net)

	As at December 31, 2016 In ₹	As at December 31, 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	-	2,292,678	-
	-	**2,292,678**	**-**

13. Trade payables

	As at December 31, 2016 In ₹	As at December 31, 2015 In ₹	As at March 31, 2016 In ₹
Trade payables for goods and services	50,536,983	101,198,614	91,227,156
	50,536,983	**101,198,614**	**91,227,156**

14. Other current financial liabilities

	As at December 31, 2016 In ₹	As at December 31, 2015 In ₹	As at March 31, 2016 In ₹
Advance from related parties (Unsecured, considered good)			
-Persistent Systems Limited	30,388	759,198	1,233,188
-Persistent Systems Inc.	-	262,536	594,195
	30,388	**1,021,734**	**1,827,383**

15. Other current liabilities

	As at December 31, 2016 In ₹	As at December 31, 2015 In ₹	As at March 31, 2016 In ₹
Advance from customers	-	-	-
Unearned revenue	-	-	6,901
	-	**-**	**6,901**

16. Current liabilities : Provisions

	As at December 31, 2016 In ₹	As at December 31, 2015 In ₹	As at March 31, 2016 In ₹
Provision for employee benefits			
Other employee benefits	6,614,995	10,379,573	16,878,178
	6,614,995	**10,379,573**	**16,878,178**

(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 nine months ended		For the year ended
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
	In ₹	In ₹	In ₹	In ₹	In ₹
Software services	111,819,197	105,458,695	425,268,917	394,809,586	542,674,885
	111,819,197	**105,458,695**	**425,268,917**	**394,809,586**	**542,674,885**

18. Other income

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
	In ₹	In ₹	In ₹	In ₹	In ₹
Foreign exchange gain (net)	-	-	1,039,209	299,711	292,815
	-	**-**	**1,039,209**	**299,711**	**292,815**

19. Personnel expenses

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
	In ₹	In ₹	In ₹	In ₹	In ₹
19.1 Employee benefits expense					
Salaries, wages and bonus	32,346,233	30,434,283	95,218,967	103,807,624	138,715,224
Defined contribution to other funds	4,737,127	4,475,828	13,127,440	12,786,880	16,452,029
Staff welfare and benefits	1,129,882	2,194,506	5,209,153	6,947,586	8,294,788
Employee stock option expenses	9,041	-	26,690	-	-
	38,222,283	**37,104,617**	**113,582,250**	**123,542,090**	**163,462,041**
19.2 Cost of technical professionals					
Technical professionals - related parties	65,451,249	75,856,249	217,304,024	256,843,784	340,081,766
Technical professionals - others	1,450,600	2,956,210	6,603,723	4,358,630	6,532,391
	66,901,849	**78,812,459**	**223,907,747**	**261,202,414**	**346,614,157**
	105,124,132	**115,917,076**	**337,489,997**	**384,744,504**	**510,076,198**

(This space is intentionally left blank)

20. Other expenses

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
	In ₹	In ₹	In ₹	In ₹	In ₹
Travelling and conveyance	206,616	4,362,531	3,599,984	9,582,108	14,147,933
Electricity expenses (net)	720,819	835,868	2,550,207	2,589,056	3,455,363
Internet link expenses	685,400	672,887	2,148,224	2,264,639	3,003,346
Communication expenses	175,452	186,480	487,168	599,715	768,392
Recruitment expenses	(4,562)	(14,126)	206,354	447,611	450,439
Training and seminars	(380,922)	71,523	(531,723)	(449,618)	(449,423)
Purchase of software licenses and support expenses	323,401	210,111	1,108,068	669,466	1,478,917
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	(463,473)	441,857	(928,820)	441,857	889,520
Rent	2,635,979	2,481,695	8,142,858	7,526,065	10,251,980
Insurance	81,979	66,121	225,572	204,885	281,644
Rates and taxes	4,669	17,896	23,154	41,434	42,346
Legal and professional fees	449,709	1,026,489	1,622,332	1,885,996	2,086,834
Repairs and maintenance					
- Plant and Machinery	403,746	1,265,109	2,374,616	2,404,582	3,511,574
- Building	1,981,860	-	1,981,860	-	-
- Others	14,080	18,668	37,571	39,291	67,542
Advertisement and sponsorship fees	28,377	345,007	109,081	415,342	445,014
Computer consumables	37,919	15,937	39,885	16,089	48,745
Auditors' remuneration	82,459	109,736	261,121	263,112	352,098
Books, memberships, subscriptions	(8,645)	268,140	391,128	791,713	1,072,299
Foreign exchange loss (net)	932,180	2,516,491	-	-	-
Miscellaneous expenses	481,069	569,951	1,532,640	1,698,813	2,177,000
	8,388,112	**15,468,371**	**25,381,280**	**31,432,156**	**44,081,563**

(This space is intentionally left blank)

21. Earnings per share

		For the quarter ended		For the nine months ended		For the year ended
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
Numerator for Basic and Diluted EPS						
Net Profit after tax (In ₹)	(A)	(3,601,594)	(28,589,443)	57,525,699	(31,576,121)	(1,262,041)
Denominator for Basic EPS						
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
Denominator for Diluted EPS						
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)	**(0.66)**	**(5.25)**	**10.56**	**(5.79)**	**(0.23)**
Diluted Earnings per share of MYR 1 each (In ₹)	(A/C)	**(0.66)**	**(5.25)**	**10.56**	**(5.79)**	**(0.23)**

(This space is intentionally left blank)

22. First-time adoption of Ind-AS

These condensed financial statements for the quarter and nine months ended December 31, 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 December 31, 2016, together with the comparative period data as at and for the period ended December 3 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 December 31, 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 December 31, 2015
- equity as at March 31, 2016
- Profit for the nine months ended December 31, 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			31-Dec-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**	3,499,365	(107,627)	-	**3,391,738**	43,071,936	(73,654)	(39,187,860)	**3,810,422**	
Other non-current assets	7	-	175,075	**175,075**	-	104,941	-	**104,941**	-	71,282	-	**71,282**	Note 2
Current assets													
Other current assets	11				135,585,684	-	6,355,134	**141,940,818**	138,411,675	-	4,594,040	**143,005,715**	
Liabilities													
Equity													
Other Equity		82,896,766	1,824,095	**84,720,861**	36,306,989	2,539,744		**38,846,733**	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**	103,741,044	(2,542,430)	-	**101,198,614**	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	31-Dec-15	31-Mar-16	Old schedule name
Current Financial assets			
-Loans	1,059,677	1,176,175	Short term loans and advances
Current tax assets (net)	-	39,187,860	Long-term loans and advances
Other current assets	6,355,134	4,594,040	Short term loans and advances
Current liabilities			
Financial liabilities			
-Other financial liabilities	1,021,734	1,827,383	Short-term borrowings
Current tax liabilities (net)	5,878,552	-	Short term Provisions

Persistent Systems Malaysia Sdn. Bhd.

Notes forming part of condensed financial statements

Reconciliation of profit

Particulars	Note	Quarter ended December 31, 2015			Nine months ended December 31, 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	105,458,695	-	105,458,695	394,809,586	-	394,809,586	542,674,885	-	542,674,885	
Other income	18	-	-	-	299,711	-	299,711	292,815	-	292,815	Note 2
Other expenses	19 & 20	131,385,447	-	131,385,447	416,851,039	(674,379)	416,176,660	554,939,532	(781,771)	554,157,761	Note 1 and Note 2
EBIDTA		(25,926,752)	-	(25,926,752)	(21,741,742)	674,379	(21,067,363)	(11,971,832)	781,771	(11,190,061)	
Depreciation and amortization	5.3	1,875,519	-	1,875,519	10,508,758	-	10,508,758	12,613,095	-	12,613,095	
Profit before tax (A - B)		(27,802,271)	-	(27,802,271)	(32,250,500)	674,379	(31,576,121)	(24,584,927)	781,771	(23,803,156)	
Total tax expense	PL	787,172	-	787,172	-	-	-	(22,541,115)	-	(22,541,115)	
Net profit for the year	PL	(28,589,443)	-	(28,589,443)	(32,250,500)	674,379	(31,576,121)	(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	31-Dec-15	31-Mar-16
Statement of profit and loss			
Other expenses	-	(673,683)	(780,844)
Balance sheet			
Trade payables	(1,827,436)	(714,994)	(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	31-Dec-15	31-Mar-16
Statement of profit and loss			
Other expenses (Net)	-	149,566	199,335
Balance sheet			
Non current loans			
Non current loans	175,075	656	970
Other non-current assets			
Adjustment to retained earnings	175,075	40	(43)

23. Contingent liabilities

The Company does not have any contingent liability as on December 31, 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 : January 20, 2017	Dr. Anand Deshpande Director Place: Pune Date : January 20, 2017	Azlin Ghazali Director Place: Kuala Lumpur Date : January 20, 2017