Persistent Systems Malaysia Sdn. Bhd.

BALANCE SHEET AS AT MARCH 31 2017

	Notes	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
ASSETS				
Non-current assets				
Property, Plant and Equipment	5.1	7,117,162	14,393,710	25,276,035
Intangible assets	5.2	17,286	89,117	269,919
		7,134,448	**14,482,827**	**25,545,954**
Financial assets				
- Loans	6	3,066,643	3,810,422	3,342,602
Other non-current assets	7	-	71,282	175,075
		10,201,091	**18,364,531**	**29,063,631**
Current assets				
Financial Assets				
- Trade receivables	8	33,436,513	24,983,058	15,223,977
- Cash and cash equivalents	9	110,543,351	71,240,087	92,306,364
- Loans	10	1,009,123	1,176,175	424,833
- Other current financial assets	11	75,910,849	138,411,675	167,996,978
Current tax assets (net)		45,153,446	39,187,860	-
Other current assets	12	2,777,235	4,594,040	3,735,643
		268,830,517	**279,592,895**	**279,687,795**
TOTAL		**279,031,608**	**297,957,426**	**308,751,426**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	102,247,081	102,247,081	102,247,081
Other equity		116,239,256	85,770,727	84,720,860
		218,486,337	**188,017,808**	**186,967,941**
LIABILITIES				
Non- current liabilities				
Deferred tax liabilities (net)	13	-	-	2,512,562
		-	-	2,512,562
Current liabilities				
Financial liabilities				
- Trade payables	14	50,393,161	91,227,156	75,611,879
- Other financial liabilities	15	165,024	1,827,383	-
Other current liabilities	16	-	6,901	7,948,818
Provisions	17	9,987,086	16,878,178	13,387,245
Current tax liabilities (net)		-	-	22,322,981
		60,545,271	**109,939,618**	**119,270,923**
TOTAL		**279,031,608**	**297,957,426**	**308,751,426**
				-
Summary of significant accounting policies	3			

The accompanying notes are an integral part of the 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 : April 24, 2017

Dr. Anand Deshpande
Director
Place: Pune
Date : April 24, 2017

Azlin Ghazali
Director
Place: Kuala Lumpur
Date : April 24, 2017

Persistent Systems Malaysia Sdn. Bhd.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Notes	For the year ended March 31, 2017 In ₹	March 31, 2016 In ₹
Income			
Revenue from operations (net)	18	548,422,439	542,674,885
Other income	19	-	292,815
Total income (A)		**548,422,439**	**542,967,700**
Expenses			
Employee benefits expense	20.1	151,460,238	163,462,041
Cost of technical professionals	20.2	291,920,329	346,614,157
Depreciation and amortization expense	5.3	7,516,904	12,613,095
Other expenses	21	34,984,220	44,081,563
Total expenses (B)		**485,881,691**	**566,770,856**
Profit / (Loss) before tax (A - B)		**62,540,748**	**(23,803,156)**
Tax expense			
Current tax (credit)		-	(20,108,903)
Deferred tax (credit)		-	(2,432,212)
Total tax expense / (credit)		**-**	**(22,541,115)**
Net profit / (loss) for the year (C)		**62,540,748**	**(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		(32,072,219)	2,311,908
		(32,072,219)	**2,311,908**
Total comprehensive income for the year (C) + (D) + (E)		**30,468,529**	**1,049,867**
Earnings per equity share **[Nominal value of share MYR 1 (Previous year: MYR 1)]**	22		
Basic (In ₹)		11.48	(0.23)
Diluted (In ₹)		11.48	(0.23)
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per C. K. Joshi Partner Membership no. 030428	Dr. Anand Deshpande Director	Azlin Ghazali Director
Place: Pune Date : April 24, 2017	Place: Pune Date : April 24, 2017	Place: Kuala Lumpur Date : April 24, 2017

Persistent Systems Malaysia Sdn. Bhd.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		For the year ended	
		March 31, 2017	**March 31, 2016**
		In ₹	**In ₹**
Cash flow from operating activities			
Profit before tax		**62,540,748**	**(23,803,156)**
Adjustments for:			
Depreciation and amortization expense		7,516,904	12,613,095
Unrealised exchange loss/ (gain) (net)		1,707,916	(13,702,076)
Change in foreign currency translation reserve		(24,749,468)	1,541,764
Provision for doubtful receivables		(914,614)	889,520
Operating profit before working capital changes		**46,101,486**	**(22,460,853)**
Movements in working capital :			
(Increase) / decrease in trade receivables		(7,654,817)	824,907
Decrease in other current assets		64,467,624	28,886,979
Decrease / (increase) in loans and advances		743,779	(1,275,442)
Decrease in other non-current assets		71,282	-
(Decrease) / Increase in trade payables and current liabilities		(44,078,136)	11,729,311
(Decrease) / Increase in provisions		(6,891,092)	3,490,933
Operating profit after working capital changes		**52,760,126**	**21,195,835**
Direct taxes paid (net of refunds)		(11,807,401)	(40,493,552)
Net cash generated from / (used in) operating	**(A)**	**40,952,725**	**(19,297,717)**
Cash flows from investing activities			
Payment towards capital expenditure		(1,649,461)	(1,768,560)
Net cash (used in) investing activities	**(B)**	**(1,649,461)**	**(1,768,560)**
Cash flows from financing activities		**-**	-
Net cash (used in) financing activities	**(C)**	**-**	**-**

	For the year ended	
	March 31, 2017	**March 31, 2016**
	In ₹	**In ₹**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	39,303,264	(21,066,277)
Cash and cash equivalents at the beginning of the year	71,240,087	92,306,364
Cash and cash equivalents at the end of the year	**110,543,351**	**71,240,087**
Components of cash and cash equivalents		
Cash on hand	-	2,000
Balances with banks		
On current accounts	110,543,351	71,238,087
Cash and cash equivalents as per note 9	**110,543,351**	**71,240,087**

Summary of significant accounting policies - Refer note 3

The accompanying notes are an integral part of the 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 : April 24, 2017

Dr. Anand Deshpande
Director
Place: Pune
Date : April 24, 2017

Azlin Ghazali
Director
Place: Kuala Lumpur
Date : April 24, 2017

Persistent Systems Malaysia Sdn. Bhd.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

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 March 31, 2017
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

In ₹

Balance as at April 1, 2014	Changes in equity share capital during the year	Balance as at April 1, 2015
102,247,081	-	102,247,081

(This space is intentionally left blank)

Persistent Systems Malaysia Sdn. Bhd.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

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	62,540,748	-	62,540,748
Other comprehensive income for the year	-	(32,072,219)	(32,072,219)
Balance at March 31, 2017	**162,514,928**	**(46,275,672)**	**116,239,256**

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 27)	1,824,094	-	1,824,094
Net (loss) for the period	(1,262,041)	-	(1,262,041)
Other comprehensive income for the year		2,311,908	2,311,908
Balance at March 31, 2016	**99,974,180**	**(14,203,453)**	**85,770,727**

The accompanying notes are an integral part of the 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 : April 24, 2017

Dr. Anand Deshpande
Director
Place: Pune
Date : April 24, 2017

Azlin Ghazali
Director
Place: Kuala Lumpur
Date : April 24, 2017

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 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 year's numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

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.

Critical accounting estimates

i) Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii) Income taxes

The Company's tax jurisdictions is Malaysia. Significant judgements are involved in determining the provision for income taxes.

iii) Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

iv) Provisions

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.

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

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it 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
Computers	3 years
Computers - Servers and networks*	3 years
Office equipment	5 years
Plant and equipment*	5 years
Furniture and fixtures*	5 years

*For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Individual assets whose cost does not exceed ₹ 5,000 are fully depreciated in the year of acquisition.

Intangible assets are amortized on a straight line basis over their estimated useful lives commencing from the day the asset is made available for use.

(g) Impairment of 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 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 fair value less costs to sell and its 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 assets 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 assets 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 asset 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 – "Financial Instruments" 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 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 fair value and its 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 year they occur.

(j) Leases

Where the Company is a lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Operating lease payments are recognized as an expense in the statement of profit and loss 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 Goods and service tax (GST) 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. MYR, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

The transactions are in MYR, which are converted for reporting in Indian currency on the following basis. The equity share capital is translated on the date of transaction and fixed assets are translated at the closing rate as at the date of the balance sheet. All current assets and current liabilities are translated at the closing rate as at the date of the balance sheet. All Income and Expense items are converted at weighted average of Inter Bank Selling Rate for the period.

The exchange difference arising out of the period / 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) Retirement and other employee benefits

(i) Provident Fund

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

(ii) Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(n) 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. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. 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 temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

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.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

(o) 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.

(p) 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.

(q) 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.

(r) 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 March 31, 2017 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**
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
Issued, subscribed and fully paid-up share capital	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 March 31, 2017		As at March 31, 2016	
	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the year	5,450,000	102,247,081	5,450,000	102,247,081
Add : Issued during the year	-	-	-	-
Number of shares at the end of the year	**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 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	1,165,729	-	483,732	-	-	1,649,461
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(4,535,704)	(21,633)	(1,009,433)	(333,931)	(1,108,000)	(7,008,701)
As at March 31, 2017	**28,168,881**	**130,680**	**6,473,707**	**2,017,201**	**6,693,175**	**43,483,644**
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 year	3,911,714	32,644	1,528,380	368,317	1,611,096	7,452,151
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(4,087,817)	(13,313)	(605,172)	(153,169)	(675,372)	(5,534,843)
As at March 31, 2017	**26,232,488**	**93,266**	**4,256,986**	**1,070,150**	**4,713,592**	**36,366,482**
Net block						
As at March 31, 2017	**1,936,393**	**37,414**	**2,216,721**	**947,051**	**1,979,583**	**7,117,162**
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	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**

(In ₹)

	Computers	Office equipments	Plant & Machinery	Leasehold Improvements	Furniture & Fixtures	Total
Gross Block						
As at April 01, 2014	25,088,702	129,183	6,181,123	2,441,041	7,989,045	41,829,094
Additions	6,987,735	-	1,325,412	86,876	399,353	8,799,376
Disposals	-	-	-	-	-	-
Other Adjustments						
- Exchange differences	(2,688,101)	(10,529)	(595,603)	(206,505)	(685,834)	(4,186,572)
As at April 01, 2015	**29,388,336**	**118,654**	**6,910,932**	**2,321,412**	**7,702,564**	**46,441,898**
Depreciation						
As at April 01, 2014	3,111,497	14,871	277,998	75,755	374,532	3,854,653
charge for the year	14,926,745	29,547	1,577,769	410,603	1,794,141	18,738,805
Disposals	-	-	-	-	-	-
Other Adjustments						
- Exchange differences	(1,140,518)	(2,968)	(116,407)	(30,572)	(137,130)	(1,427,595)
As at April 01, 2015	**16,897,724**	**41,450**	**1,739,360**	**455,786**	**2,031,543**	**21,165,863**
Net Block						
As at April 01, 2015	**12,490,612**	**77,204**	**5,171,572**	**1,865,626**	**5,671,021**	**25,276,035**
As at March 31, 2014	**21,977,205**	**114,312**	**5,903,125**	**2,365,286**	**7,614,513**	**37,974,441**

Persistent Systems Malaysia Sdn. Bhd.

Notes forming part of 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	(78,556)	(78,556)
As at March 31, 2017	**474,542**	**474,542**
Amortization		
As at April 1, 2016	463,981	463,981
Charge for the year	64,753	64,753
Reversals/ Disposals during the period	-	-
Effect of foreign currency exchange differences	(71,478)	(71,478)
As at March 31, 2017	**457,256**	**457,256**
Net block		
As at March 31, 2017	**17,286**	**17,286**
As at March 31, 2016	**89,117**	**89,117**

		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**

		(In ₹)
	Software	**Total**
Gross Block		
As at April 01, 2014	**422,863**	**422,863**
Additions	179,333	179,333
Disposals	-	-
Other Adjustments		-
- Exchange differences	(56,090)	(56,090)
As at April 01, 2015	**546,106**	**546,106**
Depreciation		
As at April 01, 2014	52,465	52,465
charge for the year	242,402	242,402
Disposals	-	-
Other Adjustments		
- Exchange differences	(18,680)	(18,680)
As at April 01, 2015	**276,187**	**276,187**
Net Block		
As at April 01, 2015	**269,919**	**269,919**
As at March 31, 2014	**370,398**	**370,398**

5.3. Depreciation and amortization

In ₹

	For the year ended	
	March 31, 2017	March 31, 2016
On Property, Plant and Equipment	7,452,151	12,436,984
On intangible assets	64,753	176,111
	7,516,904	**12,613,095**

6. Non-current financial assets : Loans

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Security deposits (At amortised cost)			
Unsecured, considered good	3,066,643	3,810,422	3,342,602
Unsecured, considered doubtful	-	-	-
	3,066,643	**3,810,422**	**3,342,602**
Less: Provision for doubtful deposits	-	-	-
	3,066,643	**3,810,422**	**3,342,602**

7. Other non-current assets

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Advances (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	-	71,282	175,075
	-	**71,282**	**175,075**

8. Trade receivables

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good	-	-	156,200
Unsecured, considered doubtful	-	930,671	-
	-	**930,671**	**156,200**
Less : Provision for doubtful receivables	-	(930,671)	-
	-	**-**	**156,200**
Others			
Unsecured, considered good (Refer note 24)	33,436,513	24,983,058	15,067,777
Unsecured, considered doubtful	-	-	-
	33,436,513	**24,983,058**	**15,067,777**
Less : Provision for doubtful receivables	-	-	-
	33,436,513	**24,983,058**	**15,067,777**
	33,436,513	**24,983,058**	**15,223,977**

(This space is intentionally left blank)

9. Cash and cash equivalents

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Cash and cash equivalents as presented in cash flow statement			
Cash in hand	-	2,000	4,817
Balances with banks			
On current accounts	110,543,351	71,238,087	92,301,547
	110,543,351	**71,240,087**	**92,306,364**

10. Current financial assets : Loans

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Carried at amortised cost			
Security Deposits			
Unsecured, considered good	1,009,123	1,176,175	424,833
	1,009,123	**1,176,175**	**424,833**

11. Other current financial assets

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Advances to related parties (Unsecured, considered good) (refer note 24)			
Persistent Systems Limited	-	-	698,324
Unbilled revenue	75,910,849	138,411,675	167,298,654
	75,910,849	**138,411,675**	**167,996,978**

12. Other current assets

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Advances (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	2,656,931	4,235,185	3,735,643
Other advances (Unsecured, considered good)			
GST receivable (net)	120,304	358,855	-
	2,777,235	**4,594,040**	**3,735,643**

(This space is intentionally left blank)

13. Deferred tax liabilities

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Deferred tax liabilities			
-Difference in depreciation / amortization and other differences in block of tangible and intangible assets as per tax books and financial books	-	-	2,512,562
	-	**-**	**2,512,562**

14. Trade payables

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Trade payables for goods and services (Refer note 24)	50,393,161	91,227,156	75,611,879
	50,393,161	**91,227,156**	**75,611,879**

15. Other current financial liabilities

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Advance from related parties (Unsecured, considered good) (Refer note 24)			
-Persistent Systems Limited	165,024	1,233,188	-
-Persistent Systems Inc.	-	594,195	-
	165,024	**1,827,383**	**-**

16. Other current liabilities

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Advance from customers	-	-	7,948,818
Unearned revenue	-	6,901	
	-	**6,901**	**7,948,818**

17. Current liabilities : Provisions

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Provision for employee benefits			
Leave encashment	-	-	1,005,416
Other employee benefits	9,987,086	16,878,178	12,381,829
	9,987,086	**16,878,178**	**13,387,245**

(This space is intentionally left blank)

18. Revenue from operations (net)

	For the year ended March 31, 2017 In ₹	For the year ended March 31, 2016 In ₹
Software services (Refer note 24)	548,422,439	542,674,885
	548,422,439	**542,674,885**

19. Other income

	For the year ended March 31, 2017 In ₹	For the year ended March 31, 2016 In ₹
Foreign exchange gain (net)	-	292,815
	-	**292,815**

20. Personnel expenses

	For the year ended March 31, 2017 In ₹	For the year ended March 31, 2016 In ₹
20.1 Employee benefits expense		
Salaries, wages and bonus	127,932,473	138,715,224
Defined contribution to other funds	16,673,823	16,452,029
Staff welfare and benefits	6,818,079	8,294,788
Employee stock option expenses	35,863	-
	151,460,238	**163,462,041**
20.2 Cost of technical professionals		
Technical professionals - related parties (Refer Note 24)	285,417,608	340,081,766
Technical professionals - others	6,502,721	6,532,391
	291,920,329	**346,614,157**
	443,380,567	**510,076,198**

(This space is intentionally left blank)

Persistent Systems Malaysia Sdn. Bhd.

Notes forming part of financial statements

21. Other expenses

	For the year ended March 31, 2017 In ₹	For the year ended March 31, 2016 In ₹
Travelling and conveyance	6,726,564	14,147,933
Electricity expenses (net)	3,188,082	3,455,363
Internet link expenses	2,840,037	3,003,346
Communication expenses	635,568	768,392
Recruitment expenses	42,694	450,439
Training and seminars	(212,628)	(449,423)
Purchase of software licenses and support expenses	1,509,934	1,478,917
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	(914,614)	889,520
Rent (Refer note 23)	10,255,035	10,251,980
Insurance	280,818	281,644
Rates and taxes	119,670	42,346
Legal and professional fees	1,572,641	2,086,834
Repairs and maintenance		
- Plant and Machinery	3,078,597	3,511,574
- Building	1,951,548	-
- Others	22,467	67,542
Advertisement and sponsorship fees	138,871	445,014
Computer consumables	191,128	48,745
Auditors' remuneration (Refer note 29)	342,997	352,098
Books, memberships, subscriptions	385,145	1,072,299
Foreign exchange loss (net)	773,943	-
Miscellaneous expenses	2,055,723	2,177,000
	34,984,220	**44,081,563**

(This space is intentionally left blank)

22. Earnings per share

		For the year ended	
		March 31, 2017	**March 31, 2016**
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ₹)	(A)	62,540,748	(1,262,041)
Denominator for Basic EPS			
Weighted average number of equity shares of MYR 1 each	(B)	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
Basic Earnings per share of MYR 1 each (In ₹)	(A/B)	**11.48**	**(0.23)**
Diluted Earnings per share of MYR 1 each (In ₹)	(A/C)	**11.48**	**(0.23)**

(This space is intentionally left blank)

23 Operating leases

The Company has taken premises on lease under cancellable operating lease arrangements. Further, the Company has also taken certain office premises under non-cancellable operating lease agreement for a period of 3 years. There are no restrictions imposed by the lease agreements. There are no subleases. The Company has an option to renew the lease agreements at the end of the lease period.

Maximum obligation on long term non-cancellable operating lease payable as per the rentals stated in the agreement and the lease rentals recognized on cancellable and non-cancellable leases is as follows:

(In ₹)

	For the year ended	
	March 31, 2017	**March 31, 2016**
Lease rentals during the year		
- On cancellable leases	497,856	323,528
- On non-cancellable leases	9,757,179	10,710,223
Total	**10,255,035**	**11,033,751**

	As at	
	March 31, 2017	**March 31, 2016**
Obligation on non- cancellable operating leases		
- Not later than one year	8,568,362	7,586,406
- Later than one year and not later than five years	14,834,277	-

24 Related party disclosures

I. Names of related parties

Holding Company:-
Persistent Systems Ltd.
Key Management Personnel
Mr. Azlin Ghazali, Director
Ms. Audrey Reutens, Director
Companies under same management
Persistent Telecom Solutions Inc.
Persistent Systems Inc.
Aepona Software (Private) Limited

(This space is intentionally left blank)

II. Related party transaction

(Amount in ₹)

Nature of the Transaction	Name of the related party	Nature of relationship	For the year ended March 31, 2017	For the year ended March 31, 2016
Income				
Sale of services	Persistent Systems Inc	Companies under same management	25,992,122	-
Expense				
Cost of technical professionals	Persistent Systems Ltd.	Holding company	128,467,616	177,635,700
	Persistent Telecom Solutions Inc.	Companies under same management	154,822,888	162,446,066
	Aepona Software (Private) Limited	Companies under same management	2,127,104	-
Remuneration paid	Key management personnel - Mr. Azlin Ghazali	Director	8,884,118	8,453,850
	- Ms. Audrey Reutens	Director	4,541,714	4,142,414

III. Related party balances

(Amount in ₹)

Particulars	Name of the related party	Relationship with the related party	As at March 31, 2017	As at March 31, 2016
Share Capital	Persistent Systems Ltd.	Holding company	102,247,080	102,247,081
Advance received*	Persistent Systems Ltd.	Holding company	165,024	1,233,188
	Persistent Systems Inc.	Companies under same management	-	594,195
Trade Receivable	Persistent Systems Inc.	Companies under same management	23,752,804	-
Trade Payable	Persistent Systems Ltd.	Holding company	30,799,986	44,437,735
	Aepona Software (Private) Limited	Companies under same management	1,345,709	-
	Persistent Telecom Solutions Inc.	Companies under same management	1,149,0253	40,722,312

*There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

(This space is intentionally left blank)

25. Income taxes

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to

	For the year ended	
	March 31, 2017	**March 31, 2016**
	In ₹	**In ₹**
Profit before tax	62,540,748	(23,803,156)
Enacted tax rate in Malaysia	24.00%	24.00%
Computed tax expense at enacted tax rate	15,009,780	-
Effect of exempt income	(15,009,780)	(20,108,903)
Others	-	(2,432,212)
Income tax expense	**-**	**(22,541,115)**

(This space is intentionally left blank)

26. Financial risk management

Financial risk factors and risk management objectives

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risks to the Company are foreign exchange risk and high dependence on top customer who accounts for around 93% of revenue. The Company's exposure to credit risk is insignificant as the top customer is renowned multi-national company. The liquidity needs are managed by funding from / to the group companies. The Group's Risk Management Committee monitors risks and policies implemented to mitigate risk exposures.

Market risk

The following table analyses foreign currency risk from financial instruments as of March 31, 2017:

(In ₹)

	USD	AED	INR	TOTAL
Trade receivables	29,074,048	-	-	29,074,048
Current financial assets	-	1,009,123	-	1,009,123
Trade payables	13,006,561	-	30,799,986	43,806,547
Other financial liabilities	-	-	165,024	165,024

The following table analyses foreign currency risk from financial instruments as of March 31, 2016:

(In ₹)

	USD	AED	INR	Total
Trade receivables	17,886,496	-	-	17,886,496
Current financial assets	-	1,176,175	-	1,176,175
Trade payables	41,136,328	-	44,437,735	85,574,063
Other financial liabilities	-	-	1,827,384	1,827,384

Foreign currency sensitivity analysis

For the year ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Malaysian Ringgit and foreign currencies, has affected the Company's profit before tax margin (PBT) by approximately 0.34% and 0.38% respectively.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 33,436,513 and ₹ 25,913,729 as at March 31, 2017 and March 31, 2016, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk is managed by the Company's Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables.

Credit risk is perceived mainly in case of receivables overdue for more than 90 days. The following table gives details of risk concentration in respect of percentage of receivables overdue for more than 90 days:

	As at	
	March 31, 2017	March 31, 2016
Receivables overdue for more than 90 days	-	1,612,379
Total receivables	33,436,513	25,913,729
Overdue for more than 90 days as a % of total receivables	0.0%	6.2%

(This space is intentionally left blank)

Notes forming part of financial statements

Ageing of trade receivables

(In ₹)

	As at	
	March 31, 2017	March 31, 2016
Within the credit period	31,996,536	20,455,007
1 to 30 days past due	1,439,977	3,247,230
31 to 60 days past due	-	-
61 to 90 days past due	-	599,113
91 to 120 days past due	-	-
121 and above past due	-	1,612,379
Less: Expected credit loss	-	-
Net trade receivables	**33,436,513**	**25,913,729**

Movement in expected credit loss allowance

(In ₹)

	As at	
	March 31, 2017	March 31, 2016
Opening balance	930,671	-
Movement in expected credit loss allowance	(914,614)	889,520
Translation differences	(16,057)	41,151
Closing balance	**-**	**930,671**

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. As at March 31, 2017, the Company had a working capital of ₹ 208,285,246 including cash and cash equivalents of ₹ 110,543,351. As at March 31, 2016, the Company had a working capital of ₹ 169,653,277 including cash and cash equivalents of ₹ 71,240,087.

The table below provides details regarding the contractual maturities of significant financial liabilities:

(In ₹)

	As at			
	March 31, 2017		March 31, 2016	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Trade payables	50,393,161	-	91,227,156	-
Other financial liabilities	165,024	-	1,827,383	-

(This space is intentionally left blank)

27. First-time adoption of Ind-AS

These financial statements for the year ended March 31, 2017 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 the year ending on March 31, 2017, together with the comparative period data as at 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 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 March 31, 2016
- Profit for the year ended March 31, 2016

There are no material adjustments to the cash flow statements.

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

In ₹

Particulars	Note	01-Apr-15				31-Mar-16				Note
		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**	43,071,936	(73,654)	(39,187,860)	**3,810,422**	Note 2
Other non-current assets	7	-	175,075	-	**175,075**	-	71,282	-	**71,282**	Note 2
Liabilities										
Equity										
Other Equity		82,896,766	1,824,094	-	**84,720,860**	83,128,697	2,642,030	-	**85,770,727**	Note 1
Current liabilities										
Financial liabilities										
-Trade payables	14	77,439,315	(1,827,436)	-	**75,611,879**	93,871,558	(2,644,402)	-	**91,227,156**	Note 1

(This space is intentionally left blank)

Notes forming part of financial statements

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

In ₹

Particulars	01-Apr-15	31-Mar-16	Old schedule name
Current Financial assets			
-Loans	-	1,176,175	Short term loans and advances
- Other current financial assets	698,324	-	Short term loans and advances
- Other current financial assets	167,298,654	138,411,675	Other current assets
Current tax assets (net)	-	39,187,860	Long-term loans and advances
Other current assets	3,735,643	4,594,040	Short term loans and advances
Current liabilities			
Financial liabilities			
-Other financial liabilities	-	1,827,383	Short-term borrowings
Current tax liabilities (net)	22,322,981	-	Short term Provisions

Reconciliation of profit **In ₹**

Particulars	Note	Year ended March 31, 2016			Note
		Indian GAAP	Effect of transition to Ind AS	Ind AS	
Income					
Revenue from operations (net)	18	542,674,885	-	542,674,885	
Other income	19	292,815	-	292,815	Note 2
Other expenses	20 & 21	554,939,532	(781,771)	554,157,761	Note 1 and Note 2
EBIDTA		(11,971,832)	781,771	(11,190,061)	
Depreciation and amortization	5.3	12,613,095	-	12,613,095	
Profit before tax (A - B)		(24,584,927)	781,771	(23,803,156)	
Total tax expense	PL	(22,541,115)	-	(22,541,115)	
Net profit for the year	PL	(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:

In ₹

Particulars	01-Apr-15	31-Mar-16
Statement of profit and loss		
Other expenses	-	(780,844)
Balance sheet		
Trade payables	(1,827,436)	(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:

In ₹

Particulars	01-Apr-15	31-Mar-16
Statement of profit and loss		
Other expenses (Net)	-	(927)
Balance sheet		
Non current loans		
Non current loans	175,075	970
Other non-current assets		
Adjustment to retained earnings	175,075	(43)

(This space is intentionally left blank)

28 Contingent liabilities

The Company does not have any contingent liability as on March 31, 2017 (Previous year ₹ Nil)

29 Auditors' remuneration

(In ₹)

	For the year ended	
	March 31, 2017	**March 31, 2016**
As auditor:		
- Audit fee	342,997	352,098
	342,997	**352,098**

30 Previous year comparatives

Corresponding previous year's figures have been regrouped wherever necessary to confirm with current year's classification.

As per our report of even date

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

per C.K. Joshi
Partner
Membership No.030428
Place: Pune
Date : April 24, 2017

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

Dr. Anand Deshpande
Director
Place: Pune
Date : April 24, 2017

Azlin Ghazali
Director
Place: Kuala Lumpur
Date : April 24, 2017