

Akshat Corporation (dba Rgen Solutions)
CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED DECEMBER 21, 2018

	Note	For the period ended December 21, 2018 (In ₹)	For the quarter ended December 31, 2017 (In ₹)	For the period ended December 21, 2018 (In ₹)	For the nine month ended December 31, 2017 (In ₹)	For the year ended March 31, 2018 (In ₹)
Income						
Revenue from operations (net)	4	213,884	23,129,130	13,363,433	89,409,916	112,496,909
Total income (A)		213,884	23,129,130	13,363,433	89,409,916	112,496,909
Expenses						
Employee benefits expense	5	219,168	20,303,129	13,693,573	79,337,137	98,621,238
Depreciation and amortization expense		-	-	-	-	-
Other expenses	6	(22,814)	929,257	590,384	3,464,536	5,600,880
Total expenses (B)		196,354	21,232,386	14,283,957	82,801,673	104,222,118
Profit/(Loss) before tax (A - B)		17,530	1,896,744	(920,524)	6,608,243	8,274,791
Tax expense						
Current tax		(293,483)	40	-	32,249	275,911
Tax charge in respect of earlier years		-	-	-	-	136,892
Deferred tax Charge/(Credit)		1,961,311	1,883,863	-	(841,563)	(694,066)
Total tax expense		1,667,828	1,883,903	-	(809,314)	(281,263)
Profit/(Loss) for the quarter/year (C)		(1,650,298)	12,841	(920,524)	7,417,557	8,556,054
Other comprehensive income						
Items that will not be reclassified to profit or loss (D)						
- Remeasurements of the defined benefit liabilities / (asset)		-	-	-	-	-
- Tax effect on remeasurements of the defined benefit liabilities / (asset)		-	-	-	-	-
Items that will be reclassified to profit or loss (E)						
- Exchange differences in translating the financial statements of foreign operations		(6,849,729)	(1,429,252)	982,952	(876,594)	390,120
		(6,849,729)	(1,429,252)	982,952	(876,594)	390,120
Total comprehensive income for the quarter/year (C) + (D) + (E)		(8,500,027)	(1,416,411)	62,428	6,540,963	8,946,174
Earnings per equity share [nominal value of Share \$ Nil]	7					
Basic (In ₹)		(1,650.30)	12.84	(920.52)	7,417.56	8,556.05
Diluted (In ₹)		(1,650.30)	12.84	(920.52)	7,417.56	8,556.05
Summary of significant accounting policies	3					

The accompanying notes form an integral part of the condensed financial statements

As per our report of even date

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

For and on behalf of the Board of Directors of
Akshat Corporation (dba RGen Solutions)

per C.K. Joshi
Partner
Membership No.030428

Dr. Anand Deshpande
Director
Place: Pune
Date : January 25, 2019

Thomas Klein
Director
Place: Santa Clara
Date : January 25, 2019

Place: Pune
Date : January 25, 2019

Akshat Corporation (dba Rgen Solutions)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

1. Nature of operations

Akshat Corporation (dba RGen Solutions) (The Company) was a wholly owned subsidiary of Persistent Systems Inc until 21st December 2018. The Company is specialized in software product, services and technology innovation.

2. Basis of preparation

All the assets and liabilities of the Company have been transferred to Persistent Systems Inc. and it stands dissolved as on December 21, 2018. Therefore, the company is not in existence as on 31st December 2018.. The statement of profit and loss account is prepared for the period from April 1, 2018 to December 21, 2018 for the purpose of consolidation if accounts.

Statement of compliance

The Statement of Profit and Loss account has been prepared in accordance with Ind AS 34 Interim Financial Reporting for the period April 1, 2018 to December 21, 2018 as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013

The accounting policies are applicable only to the extent of profit and loss prepared for the period.

3. Summary of significant accounting policies

A. Accounting year

The accounting year of the Company is from April 01 to March 31. These financial statements have been prepared only for the purpose of consolidation as per Indian accounting standard 110.

B. Functional currency

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

C. Use of estimates

The preparation of the condensed financial statements in conformity with Indian Accounting Standard requires the management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

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 major tax jurisdictions is United States of America, Significant judgements are involved in determining the provision for income taxes

(This space is intentionally left blank)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

D. Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

i. Income from software licenses and services

Revenue from time and material engagements is recognized on time basis in accordance with the terms of the contracts.

Revenue from fixed price engagements is recognized in accordance with the proportionate completion method as per terms of contracts.

Revenue from licensing of software is recognized upon delivery.

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

Revenue from royalty is recognised on sale of products in accordance with the terms of the relevant agreement.

Unbilled revenue represents revenue recognized in relation to work done on time and material projects and fixed price projects until the balance sheet date for which billing has not taken place.

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized as per the terms of contract.

The company collects sales tax on behalf of the government and, therefore, these are not economic benefits following to the company. Hence, they are excluded from revenue.

ii. Interest

Income from interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "Other income" in the statement of Profit and Loss.

iii. Dividends

Income from dividend is recognized when the Company's right to receive payment is established by the Balance Sheet date. Dividend from subsidiaries is recognized even if such dividend is declared after the Balance Sheet date but pertains to period on or before the date of Balance Sheet as per the requirement of Schedule III of the Companies Act, 2013.

E. Foreign currency transaction and translation

i. Initial recognition

Foreign currency transactions are recorded in the functional currency viz. USD by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency on the date of the transaction.

ii. Conversion

The transactions are in US Dollars, which are converted for reporting in Indian currency on the following basis. The equity share capital is translated on the date of transaction and fixed assets and investments are translated at the closing rate as at the date of the balance sheet. All current assets and current liabilities

Akshat Corporation (dba Rgen Solutions)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

are translated at the closing rate as at the date of the balance sheet. All Income and Expense items are converted at weighted average of Inter Bank Selling Rate for the year.

iii. **Settlement:**

Revenue, expenses denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit or loss for the period/year in which the transaction is settled.

F. Retirement and other employee benefits

i. **Gratuity**

The Company is not liable to pay gratuity as per the payment of Gratuity Act 1972.

ii. **Superannuation**

The Company does not have any superannuation scheme.

iii. **Provident fund**

The Company is not liable to pay Provident Fund as per the Provident Fund Act 1952.

iv. **Leave encashment**

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

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

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

G. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the United States of America's tax laws. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In situation where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Akshat Corporation (dba Rgen Solutions)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

H. Leases

Where the Company is a lessee

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

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

I. Earnings per share (EPS)

The earnings considered in ascertaining EPS comprise the amount attributable to Equity Shareholders. The number of shares used in computing the basic earnings per share is the weighted average number of shares outstanding during the year.

(This space is intentionally left blank)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

4. Revenue from operations

	For the period ended December 21, 2018 (In ₹)	For the quarter ended December 31, 2017 (In ₹)	For the period ended December 21, 2018 (In ₹)	For the nine month ended December 31, 2017 (In ₹)	For the year ended March 31, 2018 (In ₹)
Software services	213,884	23,129,130	13,363,433	89,409,916	112,496,909
	213,884	23,129,130	13,363,433	89,409,916	112,496,909

5. Personnel expenses

	For the period ended December 21, 2018 (In ₹)	For the quarter ended December 31, 2017 (In ₹)	For the period ended December 21, 2018 (In ₹)	For the nine month ended December 31, 2017 (In ₹)	For the year ended March 31, 2018 (In ₹)
5.1 Employee benefit expenses					
Salaries wages and bonus	219,168	20,303,121	13,693,573	79,330,540	98,614,643
Staff welfare and benefits	-	8	-	6,597	6,595
	219,168	20,303,129	13,693,573	79,337,137	98,621,238
5.2 Cost of technical, professionals					
Technical professionals - Related parties	-	-	-	-	-
Technical professionals - Others	-	-	-	-	-
	219,168	20,303,129	13,693,573	79,337,137	98,621,238

6. Other expenses

	For the period ended December 21, 2018 (In ₹)	For the quarter ended December 31, 2017 (In ₹)	For the period ended December 21, 2018 (In ₹)	For the nine month ended December 31, 2017 (In ₹)	For the year ended March 31, 2018 (In ₹)
Traveling and conveyance	4,879	244	304,811	198,460	787,718
Communication expenses	-	-	-	1,124	1,124
Rates and taxes	(11,151)	192,300	246,024	648,408	3,148,635
Legal and professional fees	284	21,729	17,780	465,307	475,700
Auditors' remuneration	(18,825)	7,467	3,995	22,348	35,515
Books, memberships, subscriptions	-	24,761	-	74,103	98,778
Processing fees	-	676,275	-	2,023,887	998,663
Miscellaneous expenses	1,999	6,481	17,774	30,899	54,747
	(22,814)	929,257	590,384	3,464,536	5,600,880

(This space is intentionally left blank)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

7. Earnings per share

Particulars		For the period ended	For the quarter ended	For the period ended	For the nine month ended	For the year ended
		December 21, 2018 (In ₹)	December 31, 2017 (In ₹)	December 21, 2018 (In ₹)	December 31, 2017 (In ₹)	March 31, 2018 (In ₹)
Basic earnings per share						
<u>Numerator</u>						
Net Profit / (loss) after tax	A	(1,650,298)	12,841	(920,524)	7,417,557	8,556,054
<u>Denominator</u>						
Weighted average number of equity share	B	1,000	1,000	1,000	1,000	1,000
Basic/diluted earnings per share (Face value of US \$ Nil each)	A / B	(1,650.30)	12.84	(920.52)	7,417.56	8,556.05

(This space is intentionally left blank)

Akshat Corporation (dba RGen Solutions)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

8. Merger of Akshat Corporation (dba RGen Solutions)

On December 21, 2018 Akshat Corporation (dba RGen Solutions) the wholly owned subsidiary of Persistent Systems Inc. stands dissolved vide Articles of Dissolution duly stamped by Secretary of State, Washington and the revenue clearance certificate stamped by the Department of Revenue State of Washington. Consequently, all the assets of Akshat Corporation (dba RGen Solutions) have been taken over by Persistent Systems Inc. Accordingly previous period numbers are not comparable.

9. Current tax and deferred tax has been reversed being consolidated return will be filed by Persistent Systems Inc.

10. Previous period/year comparatives

Previous period/year figures have been regrouped wherever necessary to conform with the current period/year classification.

As per our report of even date

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

For and on behalf of the Board of Directors
Akshat Corporation (dba RGen Solutions)

per C.K. Joshi
Partner
Membership No.030428
Place: Pune
Date : January 25, 2019

Dr. Anand Deshpande
Director

Place: Pune
Date : January 25, 2019

Thomas Klein
Director

Place: Santa Clara
Date : January 25, 2019

(This space is intentionally left blank)