

Aepona Limited**CONDENSED BALANCE SHEET AS AT JUNE 30, 2017**

	Notes	As at June 30, 2017 (In ₹)	As at June 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
ASSETS				
Non-current assets				
Property, Plant and Equipment	5.1	1,086,932	5,162,740	1,197,189
Capital work-in-progress		596,151	-	-
Other Intangible assets	5.2	40,178,880	66,744,813	43,852,594
		41,861,963	71,907,553	45,049,783
Current assets				
Financial assets				
- Trade receivables	6	151,933,648	141,674,534	149,625,208
- Cash and cash equivalents	7	12,094,794	52,254,450	34,880,813
- Other current financial assets	8	25,077,276	255,542,148	59,340,194
Current tax assets (net)		12,625,687	8,124,784	12,194,598
Other current assets	9	23,882,175	15,896,836	32,084,942
		225,613,580	473,492,752	288,125,755
TOTAL		267,475,543	545,400,305	333,175,538
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	1,230,620,264	1,230,620,264	1,230,620,264
Other equity		(1,374,316,184)	(1,197,555,558)	(1,317,453,634)
		(143,695,920)	33,064,706	(86,833,370)
LIABILITIES				
Non- current liabilities				
Financial liabilities				
- Borrowings	10	192,540,371	220,246,600	185,966,300
		192,540,371	220,246,600	185,966,300
Current liabilities				
Financial liabilities				
- Trade payables	11	144,920,044	196,228,513	132,697,140
- Other current financial liabilities	12	4,214,339	9,119,722	2,841,608
Other current liabilities	13	67,167,337	79,755,544	89,610,187
Provisions	14	2,329,372	6,985,220	8,893,673
		218,631,092	292,088,999	234,042,608
TOTAL		267,475,543	545,400,305	333,175,538
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
Aepona Limited

per C.K. Joshi
Partner
Membership No. 030428

Sunil Sapre
Director

Nitin Kulkarni
Director

Place: Pune
Date : July 20, 2017

Place: Pune
Date : July 20, 2017

Place: Pune
Date : July 20, 2017

Aepona Limited**CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED JUNE 30, 2017.**

	Notes	For the quarter ended		For the year ended
		June 30, 2017	June 30, 2016	March 31, 2017
		(In ₹)	(In ₹)	(In ₹)
Income				
Revenue from operations	15	147,340,510	146,573,621	578,742,443
Other income	16	384,297	15,963,394	27,017,114
Total income (A)		147,724,807	162,537,015	605,759,557
Expenses				
Employee benefits expense	17.1	40,866,199	32,727,421	134,479,875
Cost of technical professionals	17.2	95,777,801	110,518,633	370,672,892
Finance costs		2,123,259	2,398,115	8,816,765
Depreciation and amortization expense	5.3	5,310,740	5,685,286	25,760,281
Other expenses	18	56,781,569	70,389,218	244,235,897
Total expenses (B)		200,859,568	221,718,673	783,965,710
Profit/(loss) before tax (A - B)		(53,134,761)	(59,181,658)	(178,206,153)
Tax expense				
Current tax		-	-	-
Deferred tax charge / (credit)		-	-	-
Total tax expense		-	-	-
Net profit/(loss) for the quarter / year (C)		(53,134,761)	(59,181,658)	(178,206,153)
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 may be reclassified to profit or loss (E)				
- Exchange differences in translating the financial statements of foreign operations		(3,727,789)	(1,372,457)	(2,246,038)
Total other comprehensive income for the quarter/year (D) + (E)		(3,727,789)	(1,372,457)	(2,246,038)
Total comprehensive income for the quarter/year (C) + (D) + (E)		(56,862,550)	(60,554,115)	(180,452,191)
Earnings per equity share	19			
[Nominal value of share GBP 1 (Previous quarter/year: GBP 1)]				
Basic (In ₹)		(4.29)	(4.78)	(14.38)
Diluted (In ₹)		(4.29)	(4.78)	(14.38)
Summary of significant accounting policies	3			

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

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Chartered Accountants

For and on behalf of the Board of Directors of
Aepona Limited

per C.K. Joshi
Partner
Membership No. 030428

Sunil Sapre
Director

Nitin Kulkarni
Director

Place: Pune
Date : July 20, 2017

Place: Pune
Date : July 20, 2017

Place: Pune
Date : July 20, 2017

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.
ICAI Firm registration no. 104370W
Chartered Accountants

**For and on behalf of the Board of Directors of
Aepona Limited**

per C.K. Joshi
Partner
Membership No.030428

Sunil Sapre
Director

Place: Pune
Date : July 20, 2017

Nitin Kulkarni
Director

Place: Pune
Date : July 20, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED JUNE 30, 2017**A. Equity Share Capital (Refer note 4)**

(In ₹)		
Balance as at April 1, 2017	Changes in equity share capital during the period	Balance as at June 30, 2017
1,230,620,264	-	1,230,620,264

(In ₹)		
Balance as at April 1, 2016	Changes in equity share capital during the period	Balance as at June 30, 2016
1,230,620,264	-	1,230,620,264

(In ₹)		
Balance as at April 1, 2016	Changes in equity share capital during the period	Balance as at March 31, 2017
1,230,620,264	-	1,230,620,264

Aepona Limited**STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED JUNE 30, 2017****B. Other Equity****(In ₹)**

Particulars	<u>Reserves and surplus</u>	<u>Items of other comprehensive income</u>	Total
	Retained earnings	Foreign currency translation reserve	
Balance as at April 1, 2017	(1,313,286,726)	(4,166,908)	(1,317,453,634)
Change during the period	(53,134,761)	(3,727,789)	(56,862,550)
Balance at June 30, 2017	(1,366,421,487)	(7,894,697)	(1,374,316,184)

(In ₹)

Particulars	<u>Reserves and surplus</u>	<u>Items of other comprehensive income</u>	Total
	Retained earnings	Foreign currency translation reserve	
Balance as at April 1, 2016	(1,135,080,573)	(1,920,870)	(1,137,001,443)
Change during the year	(59,181,658)	(1,372,457)	(60,554,115)
Balance at June 30, 2016	(1,194,262,231)	(3,293,327)	(1,197,555,558)

(In ₹)

Particulars	<u>Reserves and surplus</u>	<u>Items of other comprehensive income</u>	Total
	Retained earnings	Foreign currency translation reserve	
Balance as at April 1, 2016	(1,135,080,573)	(1,920,870)	(1,137,001,443)
Change during the year	(178,206,153)	(2,246,038)	(180,452,191)
Balance at March 31, 2017	(1,313,286,726)	(4,166,908)	(1,317,453,634)

As per our report of even date

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1. Nature of operations

Aepona Limited (a UK based wholly owned subsidiary of Aepona Group Limited) is engaged in the business of a telecommunication API gateway for defining, exposing, controlling and monetizing telecom services to partners and application developers and an Internet of Things service creation platform that allows enterprises to add a service layer (or "business logic") to the basic APIs exposed to by connected devices, and to expose and monetize these APIs. The Company has been acquired by Persistent Systems Inc. on October 2, 2015 by virtue of share purchase agreement with ultimate parent company Aepona Holdings Ltd.

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 and equity settled employee stock options which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services. The accounting policies are consistently applied by the Company during the period and are consistent with those used in previous period/ year.

Statement of compliance

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) Use of estimates**

The preparation of the financial statements are in conformity with the recognition and measurement principles of 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 period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

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 major tax jurisdictions is Northern Ireland. 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.

(b) 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.

(c) Functional currency

The Company's functional currency is GBP.

(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 period 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*	3 to 5 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.

Leasehold land is amortized on straight line basis over the period of the lease. Leasehold improvements are amortized over the period of lease or useful life, whichever is lower.

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) 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 fair value less costs of disposal 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) 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.

(i) 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.

(j) 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 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.

(k) Foreign currency translation

(i) Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the respective functional currencies of the entities in the Company, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

Exchange differences

Exchange differences arising on conversion / settlement of foreign currency monetary items and on foreign currency liabilities relating to property, plant and equipment acquisition are recognized as income or expenses in the period in which they arise.

Forward exchange contracts not intended for trading or speculation purposes, classified as derivative financial instruments

As per the accounting principles laid down in Ind AS 109 – "Financial Instruments" relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss / (gain) is debited / (credited) to the hedge reserve under other comprehensive income and the ineffective portion is recognized to the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized in hedge reserve under other comprehensive income is transferred to the statement of profit and loss when the forecasted transaction occurs or affects profit or loss or when a hedged transaction is no longer expected to occur.

Translation of foreign operations

The Company presents the financial statements in INR which is the functional currency of the parent company.

The assets and liabilities of a foreign operation are translated into the reporting currency (INR) at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve under other comprehensive income. On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

(l) Retirement and other employee benefits**(i) 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.

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.

(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 the HM Revenue and Customs. 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.

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.

(n) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period / year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year. The weighted average number of equity shares outstanding during the 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 period / year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period / year, are adjusted for the effects of all dilutive potential equity shares.

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.

4. Share capital

	As at June 31, 2017 In ₹	As at June 30, 2016 In ₹	As at March 31, 2017 In ₹
Authorized shares			
12,393,827 Ordinary shares of GBP 1 each.	GBP 12,393,827	GBP 12,393,827	GBP 12,393,827
	GBP 12,393,827	GBP 12,393,827	GBP 12,393,827
Issued, subscribed and paid-up 12,393,827 Ordinary shares of GBP 1 each.	1,230,620,264	1,230,620,264	1,230,620,264
Issued, subscribed and fully paid-up share capital	1,230,620,264	1,230,620,264	1,230,620,264

All the shares are held by Aepona Group Limited.

Reconciliation of the shares outstanding at the beginning and at the end of the period/year.

There is no movement in the shares outstanding at the beginning and at the end of the reporting period/year.

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Aepona Limited**Notes forming part of condensed financial statements****5.1 Property, Plant and Equipment**

	(In ₹)				
	Computers	Plant and equipment	Leasehold improvements	Furniture and fixtures	Total
Gross block (At cost)					
As at April 1, 2017	252,815,804	523,617	41,682,404	3,921,197	298,943,022
Additions	-	-	-	-	-
- Exchange differences	8,937,260	18,511	1,473,509	138,618	10,567,898
As at June 30, 2017	261,753,064	542,128	43,155,913	4,059,815	309,510,920
Depreciation and amortization					
As at April 1, 2017	251,936,838	336,088	41,682,404	3,790,503	297,745,833
Charge for the period	101,565	13,552	-	35,596	150,713
- Exchange differences	8,934,441	(14,947)	1,473,509	134,439	10,527,442
As at June 30, 2017	260,972,844	334,693	43,155,913	3,960,538	308,423,988
Net block					
As at June 30, 2017	780,220	207,435	-	99,277	1,086,932
As at March 31, 2017	878,966	187,529	-	130,694	1,197,189

	(In ₹)				
	Computers	Plant and equipment	Leasehold improvements	Furniture and fixtures	Total
Gross block (At cost)					
As at April 1, 2016	296,870,815	304,548	49,178,193	4,626,350	350,979,906
Additions	1,149,180	273,382	-	-	1,422,562
- Exchange differences	(14,296,192)	(29,000)	(2,358,213)	(221,845)	(16,905,250)
As at June 30, 2016	283,723,803	548,930	46,819,980	4,404,505	335,497,218
Depreciation and amortization					
As at April 1, 2016	289,984,258	304,548	49,178,193	4,307,007	343,774,006
Charge for the period	3,159,150	13,624	-	41,784	3,214,558
- Exchange differences	(14,071,820)	(15,320)	(2,358,214)	(208,732)	(16,654,086)
As at June 30, 2016	279,071,588	302,852	46,819,979	4,140,059	330,334,478
Net block					
As at June 30, 2016	4,652,215	246,078	1	264,446	5,162,740
As at March 31, 2016	6,886,557	-	-	319,343	7,205,900

	(In ₹)				
	Computers	Plant and equipment	Leasehold improvements	Furniture and fixtures	Total
Gross block (At cost)					
As at April 1, 2016	296,870,815	304,548	49,178,193	4,626,350	350,979,906
Additions	1,280,742	284,697	-	-	1,565,439
- Exchange differences	(45,335,753)	(65,628)	(7,495,789)	(705,153)	(53,602,323)
As at March 31, 2017	252,815,804	523,617	41,682,404	3,921,197	298,943,022
Depreciation and amortization					
As at April 1, 2016	289,984,258	304,548	49,178,193	4,307,007	343,774,006
Charge for the period	6,597,387	83,599	-	150,103	6,831,089
- Exchange differences	(44,644,807)	(52,059)	(7,495,789)	(666,607)	(52,859,262)
As at March 31, 2017	251,936,838	336,088	41,682,404	3,790,503	297,745,833
Net block					
As at March 31, 2017	878,966	187,529	-	130,694	1,197,189

Aepona Limited**Notes forming part of condensed financial statements****5.2 Other Intangible assets**

			(In ₹)
	Software	Acquired contractual rights	Total
Gross block (At cost)			
As at April 1, 2017	53,784,833	60,614,223	114,399,056
Additions	-	-	-
-Exchange difference	1,901,341	2,142,766	4,044,107
As at June 30, 2017	55,686,174	62,756,989	118,443,163
Amortization			
As at April 1, 2017	53,718,434	16,828,028	70,546,462
Charge for the period	8,432	5,151,595	5,160,027
Disposals	-	-	-
-Exchange difference	1,899,098	658,696	2,557,794
As at June 30, 2017	55,625,964	22,638,319	78,264,283
Net block			
As at June 30, 2017	60,210	40,118,670	40,178,880
As at March 31, 2017	66,399	43,786,195	43,852,594

			(In ₹)
	Software	Acquired contractual rights	Total
Gross block (At cost)			
As at April 1, 2016	63,339,593	-	63,339,593
Additions	118,005	71,870,282	71,988,287
-Exchange difference	(3,043,501)	(3,785,037)	(6,828,538)
As at June 30, 2016	60,414,097	68,085,245	128,499,342
Amortization			
As at April 1, 2016	62,406,461	-	62,406,461
Charge for the period	501,679	1,969,049	2,470,728
-Exchange difference	(3,018,960)	(103,700)	(3,122,660)
As at June 30, 2016	59,889,180	1,865,349	61,754,529
Net block			
As at June 30, 2016	524,917	66,219,896	66,744,813
As at March 31, 2016	933,132	-	933,132

			(In ₹)
	Software	Acquired contractual rights	Total
Gross block (At cost)			
As at April 1, 2016	63,339,593	-	63,339,593
Additions	106,724	64,999,705	65,106,429
Other adjustment	-	-	-
-Exchange difference	(9,661,484)	(4,385,482)	(14,046,966)
As at March 31, 2017	53,784,833	60,614,223	114,399,056
Amortization			
As at April 1, 2016	62,406,461	-	62,406,461
Charge for the year	883,645	18,045,547	18,929,192
-Exchange difference	(9,571,672)	(1,217,519)	(10,789,191)
As at March 31, 2017	53,718,434	16,828,028	70,546,462
Net block			
As at March 31, 2017	66,399	43,786,195	43,852,594

5.3 Depreciation and amortization

			(In ₹)
	For the quarter ended	For the year ended	
	June 30, 2017	June 30, 2016	March 31, 2017
Property, Plant and Equipment	150,713	3,214,558	6,831,089
Other Intangible assets	5,160,027	2,470,728	18,929,192
	5,310,740	5,685,286	25,760,281

Aepona Limited**Notes forming part of condensed financial statements****6. Trade receivables**

	As at June 30, 2017 (In ₹)	As at June 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Outstanding for a period less than six months from the date they are due for payment			
Others			
Unsecured, considered good	151,933,648	141,674,534	149,625,208
Unsecured, considered doubtful	-	8,911,647	-
	151,933,648	150,586,181	149,625,208
Less : Provision for doubtful receivables	-	8,911,647	-
	151,933,648	141,674,534	149,625,208
	151,933,648	141,674,534	149,625,208

7. Cash and cash equivalents

	As at June 30, 2017 (In ₹)	As at June 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Cash and cash equivalents as presented in cash flow statement			
Balances with banks			
On current accounts	12,094,794	52,254,450	34,880,813
	12,094,794	52,254,450	34,880,813

8. Other current financial assets

	As at June 30, 2017 (In ₹)	As at June 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Advance to related parties (Unsecured, considered good)			
- Persistent Systems, Inc.	-	240,515,025	24,821,055
Unbilled revenue	25,077,276	15,027,123	34,519,139
	25,077,276	255,542,148	59,340,194

9. Other current assets

	As at June 30, 2017 (In ₹)	As at June 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Advances recoverable in cash or kind or for value to be received	23,882,175	14,376,682	26,281,333
VAT receivable (net)	-	1,520,154	5,803,609
	23,882,175	15,896,836	32,084,942

Aepona Limited

Notes forming part of condensed financial statements

10. Non-current financial liabilities: Borrowings

	As at June 30, 2017 (In ₹)	As at June 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Borrowings from related parties			
Term loans			
Inter corporate deposit from Valista Limited (Repayment terms : After 36 months @ Libor plus 3%)	192,540,371	220,246,600	185,966,300
	192,540,371	220,246,600	185,966,300

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Aepona Limited**Notes forming part of condensed financial statements****11. Trade payables**

	As at June 30, 2017 (In ₹)	As at June 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Trade payables for goods and services	144,920,044	196,228,513	132,697,140
	144,920,044	196,228,513	132,697,140

12. Other current financial liabilities

	As at June 30, 2017 (In ₹)	As at June 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Capital creditors	-	5,881,304	-
Advance from related parties (Unsecured, considered good)			
Persistent Systems Limited	1,312,160	336,516	975,550
Persistent Systems Inc	1,114,286	-	-
Aepona Software Private Limited	922,893	2,108,925	997,442
Persistent Telecom Solutions Inc	865,000	792,977	868,616
	4,214,339	3,238,418	2,841,608
	4,214,339	9,119,722	2,841,608

13. Other current liabilities

	As at June 30, 2017 (In ₹)	As at June 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Unearned revenue	53,304,119	68,338,703	81,641,262
Interest accrued and due on borrowings from related parties*	2,128,843	2,299,252	2,056,157
Other payables			
- Statutory liabilities	10,397,192	9,117,589	5,912,768
- Vat payable	1,337,183	-	-
	67,167,337	79,755,544	89,610,187
*Valista Ltd.	2,128,843	2,299,252	2,056,157
	2,128,843	2,299,252	2,056,157

14. Current Liabilities: Provisions

	As at June 30, 2017 (In ₹)	As at June 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Provision for employee benefits			
- Leave encashment	1,114,720	6,380,015	1,205,011
- Other employee benefits	1,214,652	605,205	7,688,662
	2,329,372	6,985,220	8,893,673

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Aepona Limited**Notes forming part of condensed financial statements****15. Revenue from operations**

	For the quarter ended		For the year ended
	June 30, 2017	June 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)
Software services	137,772,025	146,573,621	462,528,211
Software products	9,568,485	-	116,214,232
	147,340,510	146,573,621	578,742,443

16. Other income

	For the quarter ended		For the year ended
	June 30, 2017	June 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)
Foreign exchange gain (net)	384,297	15,960,516	16,604,079
Miscellaneous income	-	2,878	10,413,035
	384,297	15,963,394	27,017,114

17. Personnel expenses

	For the quarter ended		For the year ended
	June 30, 2017	June 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)
17.1. Employee benefits expense			
Salaries, wages and bonus	36,802,659	29,419,029	119,246,214
Staff welfare and benefits	4,063,540	3,308,392	15,233,661
	40,866,199	32,727,421	134,479,875
17.2 Cost of technical professionals			
Technical professionals - related parties	76,210,108	94,422,314	309,699,267
Technical professionals - others	19,567,693	16,096,319	60,973,625
	95,777,801	110,518,633	370,672,892
	136,644,000	143,246,054	505,152,767

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18. Other expenses

	For the quarter ended		For the year ended
	June 30, 2017	June 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)
Travelling and conveyance	867,721	360,204	1,686,762
Electricity expenses (net)	911,063	1,747,447	4,130,658
Internet link expenses	458,775	3,941,381	5,896,136
Communication expenses	533,745	1,293,911	2,803,819
Recruitment expenses	-	25,035	1,391,180
Training and seminars	-	-	2,429
Purchase of software licenses and support expenses	27,470,496	24,080,965	112,879,420
Bad debts	-	-	19,586,834
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	-	9,407,068	(1,286,192)
Rent	10,876,822	10,326,135	38,949,695
Insurance	159,266	8,766	31,763
Rates and taxes	293,794	-	689,586
Legal and professional fees	11,801,744	15,458,597	38,591,857
Repairs and maintenance	-	-	-
- Plant and Machinery	1,343,440	762,510	4,362,077
- Buildings	147,269	-	-
- Others	5,523	5,875	29,239
Commission on sales to other than sole selling agents	-	-	9,026,425
Advertisement and sponsorship fees	709,209	695,719	1,037,532
Computer consumables	156,512	255,841	234,796
Auditors' remuneration	258,797	311,683	1,103,006
Books, memberships, subscriptions	328,191	3,242	469,739
Foreign exchange loss (net)	-	-	-
Miscellaneous expenses	459,202	1,704,839	2,619,136
	56,781,569	70,389,218	244,235,897

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Aepona Limited**Notes forming part of condensed financial statements****19. Earnings per share**

		For the quarter ended June 30, 2017	June 30, 2016	For the year ended March 31, 2017
<u>Numerator for Basic and Diluted EPS</u>				
Net Profit after tax (In ₹)	(A)	(53,134,761)	(59,181,658)	(178,206,153)
<u>Denominator for Basic EPS</u>				
Weighted average number of equity shares	(B)	12,393,827	12,393,827	12,393,827
<u>Denominator for Diluted EPS</u>				
Number of equity shares	(C)	12,393,827	12,393,827	12,393,827
Basic Earnings per share of face value of GBP 1 each (In ₹)	(A/B)	(4.29)	(4.78)	(14.38)
Diluted Earnings per share of face value of GBP 1 each (In ₹)	(A/C)	(4.29)	(4.78)	(14.38)
		For the quarter ended June 30, 2017	June 30, 2016	For the year ended March 31, 2017
Number of shares considered as basic weighted average shares outstanding		12,393,827	12,393,827	12,393,827
Add: Effect of dilutive issues of stock options		-	-	-
Number of shares considered as weighted average shares and potential shares outstanding		12,393,827	12,393,827	12,393,827

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20. Contingent liabilities:

The Company does not have any contingent liability as on June 30, 2017 (Previous period/ year - ₹ Nil).

- 21.** The financial statements are presented in ₹ except for per share information or as otherwise stated.
- 22.** Aepona Limited is considered as going concern in spite of its negative net worth and inability to repay debts on time based on assurance of continued financial support and assistance from ultimate parent company and measures proposed to control losses.
- 23.** Previous period/ year's figures have been regrouped where necessary to conform to current period/ year's 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
Aepona Limited**

per C.K. Joshi
Partner
Membership No.030428
Place: Pune
Date: July 20, 2017

Sunil Sapre
Director
Place: Pune
Date: July 20, 2017

Nitin Kulkarni
Director
Place: Pune
Date: July 20, 2017
