

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

	Notes	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
ASSETS				
Non-current assets				
Property, Plant and Equipment	5.1	2,969,144	3,196,300	1,197,189
Capital work-in-progress		166,504	-	-
Other Intangible assets	5.2	36,511,329	57,744,806	43,852,594
		39,646,977	60,941,106	45,049,783
Current assets				
Financial assets				
- Trade receivables	6	113,607,525	105,679,930	149,625,208
- Cash and cash equivalents	7	12,952,517	9,025,016	34,880,813
- Other current financial assets	8	13,874,606	227,906,619	59,340,194
Current tax assets (net)		14,207,897	7,727,342	12,194,598
Other current assets	9	32,276,675	17,634,717	32,084,942
		186,919,220	367,973,624	288,125,755
TOTAL		226,566,197	428,914,730	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		(1,443,088,430)	(1,256,130,962)	(1,317,453,634)
		(212,468,166)	(25,510,698)	(86,833,370)
LIABILITIES				
Non-current liabilities				
Financial liabilities				
- Borrowings	10	201,111,536	198,573,497	185,966,300
		201,111,536	198,573,497	185,966,300
Current liabilities				
Financial liabilities				
- Trade payables	11	178,625,349	178,062,511	132,697,140
- Other current financial liabilities	12	14,220,619	2,465,105	2,841,608
Other current liabilities	13	37,993,700	68,013,663	89,610,187
Provisions	14	7,083,159	7,310,652	8,893,673
		237,922,827	255,851,931	234,042,608
TOTAL		226,566,197	428,914,730	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 : October 15, 2017

Place: Pune
Date : October 15, 2017

Place: Pune
Date : October 15, 2017

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

	Notes	For the quarter ended		For half year ended		For the year ended
		September 30, 2017 (In ₹)	September 30, 2016 (In ₹)	September 30, 2017 (In ₹)	September 30, 2016 (In ₹)	March 31, 2017 (In ₹)
Income						
Revenue from operations	15	133,699,356	162,431,969	281,039,866	309,005,590	578,742,443
Other income	16	3,156,475	-98	3,156,475	15,171,889	27,017,114
Total income (A)		136,855,831	162,431,871	284,196,341	324,177,479	605,759,557
Expenses						
Employee benefits expense	17.1	40,243,892	33,936,257	81,110,091	66,663,678	134,479,875
Cost of technical professionals	17.2	79,714,661	100,036,989	175,492,462	210,555,622	370,672,892
Finance costs		2,079,050	2,271,211	4,202,309	4,669,326	8,816,765
Depreciation and amortization expense	5.3	5,552,424	7,978,995	10,863,164	13,664,281	25,760,281
Other expenses	18	68,453,219	77,280,522	124,850,491	146,878,333	244,235,897
Total expenses (B)		196,043,246	221,503,974	396,518,517	442,431,240	783,965,710
Profit/(loss) before tax (A - B)		(59,187,415)	(59,072,103)	(112,322,176)	(118,253,761)	(178,206,153)
Tax expense						
Current tax		-	-	-	-	-
Deferred tax charge / (credit)		-	-	-	-	-
Total tax expense		-	-	-	-	-
Net profit/(loss) for the period / year (C)		(59,187,415)	(59,072,103)	(112,322,176)	(118,253,761)	(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		(9,584,831)	496,699	(13,312,620)	(875,758)	(2,246,038)
Total other comprehensive income for the period/year (D) + (E)		(9,584,831)	496,699	(13,312,620)	(875,758)	(2,246,038)
Total comprehensive income for the period/year (C) + (D) + (E)		(68,772,246)	(58,575,404)	(125,634,796)	(119,129,519)	(180,452,191)
Earnings per equity share						
[Nominal value of share GBP 1 (Previous period/year: GBP 1)]	19					
Basic (In ₹)		(4.78)	(4.77)	(9.06)	(9.54)	(14.38)
Diluted (In ₹)		(4.78)	(4.77)	(9.06)	(9.54)	(14.38)
Summary of significant accounting policies	3					

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Director

Place: Pune
Date : October 15, 2017

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CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2017

	For half year ended		For the year ended
	September 30, 2017 (In ₹)	September 30, 2016 (In ₹)	March 31, 2017 (In ₹)
Cash flow from operating activities	(112,322,176)	(118,253,761)	(178,206,153)
Adjustments for:			
Finance cost	4,202,309	4,669,326	8,816,765
Depreciation and amortization expense	10,863,164	13,664,281	25,760,281
Unrealised exchange (gain)/ loss (net)	(7,311,404)	(43,108,262)	(12,391,961)
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	-	26,731,214	(1,286,192)
Exchange (gain)/ loss on translation of foreign currency cash and cash equivalents	(8,526)	(1,983)	(41,066)
Operating profit before working capital changes	(104,576,633)	(116,299,185)	(157,348,326)
Movements in working capital :			
(Increase)/Decrease in trade receivables	36,017,683	59,938,971	39,218,535
(Increase)/ Decrease in other current assets (including financial assets)	(191,733)	81,855,196	(21,756,537)
(Increase)/ Decrease in loans and advances	45,465,588	-	257,727,933
Increase/(Decrease) in trade payables and current liabilities	13,255,435	(24,851,046)	(89,853,645)
Increase/(Decrease) in provisions	(1,810,514)	1,221,122	2,804,143
Operating profit after working capital changes	(11,840,174)	1,865,058	30,792,103
Direct taxes paid (net of refunds)	(998,350)	-	(5,320,307)
Net cash generated from operating activities	(A) (12,838,524)	1,865,058	25,471,796
Cash flows from investing activities			
Payment towards capital expenditure	(2,189,820)	(54,020,592)	(49,583,463)
Net cash (used in) investing activities	(B) (2,189,820)	(54,020,592)	(49,583,463)
Cash flows from financing activities			
Inter corporate deposits paid	-	(10,803,325)	(11,092,378)
Interest paid	(6,908,478)	(4,717,815)	(6,655,915)
Net cash (used in) financing activities	(C) (6,908,478)	(15,521,140)	(17,748,293)

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CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2017

	For half year ended		For the period ended
	September 30, 2017	September 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)
Net (Decrease)/ increase in cash and cash equivalents (A + B + C)	(21,936,822)	(67,676,674)	(41,859,960)
Cash and cash equivalents at the beginning of the period	34,880,813	76,699,707	76,699,707
Effect of exchange differences on translation of foreign currency cash and cash equivalents	8,526	1,983	41,066
Cash and cash equivalents at the end of the period/year	12,952,517	9,025,016	34,880,813
Components of cash and cash equivalents			
Balances with banks			
On current accounts	12,952,517	9,025,016	34,880,813
Cash and cash equivalents as per note 7	12,952,517	9,025,016	34,880,813

Summary of significant accounting policies - Refer note 3

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

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Place: Pune
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Place: Pune
Date : October 15, 2017

Aepona Limited**STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2017**

(In ₹)

Balance as at April 1, 2017	Changes in equity share capital during the period	Balance as at September 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 September 30, 2016
1,230,620,264	-	1,230,620,264

(In ₹)

Balance as at April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
1,230,620,264	-	1,230,620,264

Aepona Limited**STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2017**

(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	(112,322,176)	(13,312,620)	(125,634,796)
Balance at September 30, 2017	(1,425,608,902)	(17,479,528)	(1,443,088,430)

(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 period	(118,253,761)	(875,758)	(119,129,519)
Balance at September 30, 2016	(1,253,334,334)	(2,796,628)	(1,256,130,962)

(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)

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

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

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

Operating lease payments are recognized as an expense in the statement of profit and loss as per the terms of the lease agreements.

(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.

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4. Share capital

	As at September 30, 2017 In ₹	As at September 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.

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

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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	1,501,122	350,808	-	171,386	2,023,316
- Exchange differences	21,123,064	62,587	3,469,204	335,645	24,990,500
As at September 30, 2017	275,439,990	937,012	45,151,608	4,428,228	325,956,838
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	335,428	27,383	-	74,141	436,952
- Exchange differences	21,014,994	1,212	3,469,204	319,499	24,804,909
As at September 30, 2017	273,287,260	364,683	45,151,608	4,184,143	322,987,694
Net block					
As at September 30, 2017	2,152,730	572,329	-	244,085	2,969,144
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	1,254,274	304,130	-	-	1,558,404
- Exchange differences	(28,145,981)	(49,291)	(4,648,518)	(437,301)	(33,281,091)
As at September 30, 2016	269,979,108	559,387	44,529,675	4,189,049	319,257,219
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	5,011,883	34,994	-	80,654	5,127,531
- Exchange differences	(27,748,400)	(31,145)	(4,648,518)	(412,555)	(32,840,618)
As at September 30, 2016	267,247,741	308,397	44,529,675	3,975,106	316,060,919
Net block					
As at September 30, 2016	2,731,367	250,990	-	213,943	3,196,300
As at March 31, 2016	6,886,557	-	-	319,343	7,205,900

	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	4,476,485	5,044,892	9,521,377
As at September 30, 2017	58,261,318	65,659,115	123,920,433
Amortization			
As at April 1, 2017	53,718,434	16,828,028	70,546,462
Charge for the period	17,038	10,409,174	10,426,212
Disposals	-	-	-
-Exchange difference	4,471,881	1,964,549	6,436,430
As at September 30, 2017	58,207,353	29,201,751	87,409,104
Net block			
As at September 30, 2017	53,965	36,457,364	36,511,329
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	114,009	69,436,584	69,550,593
-Exchange difference	(5,994,797)	(4,681,883)	(10,676,680)
As at September 30, 2016	57,458,805	64,754,701	122,213,506
Amortization			
As at April 1, 2016	62,406,461	-	62,406,461
Charge for the period	800,437	7,736,313	8,536,750
-Exchange difference	(5,952,877)	(521,634)	(6,474,511)
As at September 30, 2016	57,254,021	7,214,679	64,468,700
Net block			
As at September 30, 2016	204,784	57,540,022	57,744,806
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

4.3 Depreciation and amortization

	For the quarter ended		For half year ended		For the year ended
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
Property, Plant and Equipment	286,239	1,912,973	436,952	5,127,531	6,831,089
Other Intangible assets	5,266,185	6,066,022	10,426,212	8,536,750	18,929,192
	5,552,424	7,978,995	10,863,164	13,664,281	25,760,281

Aepona Limited

Notes forming part of condensed financial statements

6. Trade receivables

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Outstanding for a period more than six months from the date they are due for payment			
Unsecured, considered good	-	-	-
Unsecured, considered doubtful	-	25,244,963	-
	-	25,244,963	-
Less : Provision for doubtful receivables	-	25,244,963	-
	-	-	-
Others			
Unsecured, considered good	113,607,525	105,679,930	149,625,208
Unsecured, considered doubtful	-	-	-
	113,607,525	105,679,930	149,625,208
Less : Provision for doubtful receivables	-	-	-
	113,607,525	105,679,930	149,625,208
	113,607,525	105,679,930	149,625,208

7. Cash and cash equivalents

	As at September 30, 2017 (In ₹)	As at September 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	12,952,517	9,025,016	34,880,813
	12,952,517	9,025,016	34,880,813

8. Other current financial assets

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Advance to related parties (Unsecured, considered good)			
- Persistent Systems, Ltd	34,935	-	-
- Persistent Systems, Inc.	-	167,081,043	24,821,055
Persistent Telecom Solutions Inc.	1,169	-	-
Unbilled revenue	13,838,502	60,825,576	34,519,139
	13,874,606	227,906,619	59,340,194

9. Other current assets

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Advances recoverable in cash or kind or for value to be received	29,983,159	15,286,853	26,281,333
VAT receivable (net)	2,293,516	2,347,864	5,803,609
	32,276,675	17,634,717	32,084,942

Aepona Limited**Notes forming part of condensed financial statements****10. Non-current financial liabilities: Borrowings**

	As at September 30, 2017 (In ₹)	As at September 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%)	201,111,536	198,573,497	185,966,300
	201,111,536	198,573,497	185,966,300

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

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Trade payables for goods and services	178,625,349	178,062,511	132,697,140
	178,625,349	178,062,511	132,697,140

12. Other current financial liabilities

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Advance from related parties (Unsecured, considered good)			
Persistent Systems Limited	-	442,462	975,550
Persistent Systems Inc	14,193,226	-	-
Aepona Software Private Limited	27,393	1,240,325	997,442
Persistent Telecom Solutions Inc	-	782,318	868,616
	14,220,619	2,465,105	2,841,608
	14,220,619	2,465,105	2,841,608

13. Other current liabilities

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Unearned revenue	33,036,133	57,978,342	81,641,262
Interest accrued and due on borrowings from related parties*	-	47,958	2,056,157
Other payables			
- Statutory liabilities	4,957,567	9,987,363	5,912,768
	37,993,700	68,013,663	89,610,187
*Valista Ltd.	-	47,958	2,056,157
	-	47,958	2,056,157

14. Current Liabilities: Provisions

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Provision for employee benefits			
- Leave encashment	1,053,694	4,211,784	1,205,011
- Other employee benefits	6,029,465	3,098,868	7,688,662
	7,083,159	7,310,652	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 half year ended		For the year ended
	September 30, 2017	September 31, 2016	September 30, 2017	September 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Software services	133,653,755	162,431,969	271,425,780	309,005,590	462,528,211
Software products	45,601	-	9,614,086	-	116,214,232
	133,699,356	162,431,969	281,039,866	309,005,590	578,742,443

16. Other income

	For the quarter ended		For half year ended		For the year ended
	September 30, 2017	September 31, 2016	September 30, 2017	September 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Foreign exchange gain (net)	-	-	-	15,169,109	16,604,079
Miscellaneous income	3,156,475	-98	3,156,475	2,780	10,413,035
	3,156,475	-98	3,156,475	15,171,889	27,017,114

17. Personnel expenses

	For the quarter ended		For half year ended		For the year ended
	September 30, 2017	September 31, 2016	September 30, 2017	September 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
17.1. Employee benefits expense					
Salaries, wages and bonus	36,779,591	29,629,358	73,582,250	59,048,387	119,246,214
Staff welfare and benefits	3,464,301	4,306,899	7,527,841	7,615,291	15,233,661
	40,243,892	33,936,257	81,110,091	66,663,678	134,479,875
17.2 Cost of technical professionals					
Technical professionals - related parties	58,089,696	82,582,536	134,299,804	177,004,850	309,699,267
Technical professionals - others	21,624,965	17,454,453	41,192,658	33,550,772	60,973,625
	79,714,661	100,036,989	175,492,462	210,555,622	370,672,892
	119,958,553	133,973,246	256,602,553	277,219,300	505,152,767

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18. Other expenses

	For the quarter ended		For half year ended		For the year ended
	September 30, 2017	September 31, 2016	September 30, 2017	September 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Travelling and conveyance	970,638	1,031,368	1,838,359	1,391,572	1,686,762
Electricity expenses (net)	706,527	810,976	1,617,590	2,558,423	4,130,658
Internet link expenses	611,188	1,352,155	1,069,963	5,293,536	5,896,136
Communication expenses	460,538	504,898	994,283	1,798,809	2,803,819
Recruitment expenses	-	-848	-	24,187	1,391,180
Training and seminars	-	-	-	-	2,429
Purchase of software licenses and support expenses	30,605,168	26,916,315	58,075,664	50,997,280	112,879,420
Bad debts	-	-	-	-	19,586,834
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	-	17,324,146	-	26,731,214	-1,286,192
Rent	13,359,954	10,667,191	24,236,776	20,993,326	38,949,695
Insurance	759	8,263	160,025	17,029	31,763
Rates and taxes	226,115	103,506	519,909	103,506	689,586
Legal and professional fees	7,652,708	6,910,366	19,454,452	22,368,963	38,591,857
Repairs and maintenance					
- Plant and Machinery	738,616	1,343,614	2,082,056	2,106,124	4,362,077
- Buildings	44,345	-	191,614	-	-
- Others	23,094	13,185	28,617	19,060	29,239
Commission on sales to other than sole selling agents	9,508,976	8,192,387	9,508,976	8,192,387	9,026,425
Advertisement and sponsorship fees	(7,727)	315,326	701,482	1,011,045	1,037,532
Computer consumables	22,095	230,639	178,607	486,480	234,796
Auditors' remuneration	259,019	280,631	517,816	592,314	1,103,006
Books, memberships, subscriptions	240,540	232,213	568,731	235,455	469,739
Foreign exchange loss (net)	2,055,998	791,407	1,671,701	-	-
Miscellaneous expenses	974,668	252,784	1,433,870	1,957,623	2,619,136
	68,453,219	77,280,522	124,850,491	146,878,333	244,235,897

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Aepona Limited

Notes forming part of condensed financial statements

19. Earnings per share

		For the quarter ended		For half year ended		For the year ended
		September 30, 2017	September 31, 2016	September 30, 2017	September 30, 2016	March 31, 2017
<u>Numerator for Basic and Diluted EPS</u>						
Net Profit after tax (In ₹)	(A)	(59,187,415)	(59,072,103)	(112,322,176)	(118,253,761)	(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	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	12,393,827	12,393,827
Basic Earnings per share of face value of GBP 1 each (In ₹)	(A/B)	(4.78)	(4.77)	(9.06)	(9.54)	(14.38)
Diluted Earnings per share of face value of GBP 1 each (In ₹)	(A/C)	(4.78)	(4.77)	(9.06)	(9.54)	(14.38)

	For the quarter ended		For half year ended		For the year ended
	September 30, 2017	September 31, 2016	September 30, 2017	September 30, 2016	March 31, 2017
Number of shares considered as basic weighted average shares outstanding	12,393,827	12,393,827	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	12,393,827	12,393,827

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20. Contingent liabilities:

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

21. Capital commitments:

The estimated amount of contracts remaining to be executed on Capital account and not provided for, net of advances is ₹ Nil (Previous period/ year - ₹ Nil).

22. The financial statements are presented in ₹ except for per share information or as otherwise stated.

23. 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.

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

Sunil Sapre
Director

Nitin Kulkarni
Director

Place: Pune
Date: October 15, 2017

Place: Pune
Date: October 15, 2017

Place: Pune
Date: October 15, 2017
