

Persistent Systems Malaysia Sdn. Bhd.
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	8,123,320	10,106,858	7,117,162
Other Intangible assets	5.2	-	44,007	17,286
		8,123,320	10,150,865	7,134,448
Financial assets				
- Loans	6	3,386,895	3,750,768	3,066,643
		11,510,215	13,901,633	10,201,091
Current assets				
Financial Assets				
- Trade receivables	7	28,735,578	26,126,885	33,436,513
- Cash and cash equivalents	8	111,737,077	123,323,233	110,543,351
- Loans	9	1,063,076	1,108,009	1,009,123
- Other current financial assets	10	83,675,546	118,932,919	75,910,849
Current tax assets (net)		38,666,823	36,916,684	45,153,446
Other current assets	11	23,616,026	5,213,103	2,777,235
		287,494,126	311,620,833	268,830,517
TOTAL		299,004,341	325,522,466	279,031,608
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	102,247,081	102,247,081	102,247,081
Other equity		173,775,206	133,986,522	116,239,256
		276,022,287	236,233,603	218,486,337
LIABILITIES				
Current liabilities				
Financial liabilities				
- Trade payables	12	6,642,697	76,881,121	50,393,161
- Other financial liabilities	13	-	17,512	165,024
Other current liabilities	14	185,422	-	-
Provisions	15	16,153,935	12,390,230	9,987,086
		22,982,054	89,288,863	60,545,271
TOTAL		299,004,341	325,522,466	279,031,608
Summary of significant accounting policies	3			

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

As per our report of even date

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

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

per C. K. Joshi
Partner
Membership no. 030428
Place: Pune
Date : October 15, 2017

Dr. Anand Deshpande
Director
Place: Pune
Date : October 15, 2017

Azlin Ghazali
Director
Place: Kuala Lumpur
Date : October 15, 2017

Persistent Systems Malaysia Sdn. Bhd.

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

	Notes	For the quarter ended		For the 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 (net)	16	82,016,243	166,857,893	194,218,764	313,449,720	548,422,439
Other income	17	-	-	-	1,971,389	-
Total income (A)		82,016,243	166,857,893	194,218,764	315,421,109	548,422,439
Expenses						
Employee benefits expense	18.1	37,782,709	41,670,215	74,361,479	75,359,967	151,460,238
Cost of technical professionals	18.2	16,619,376	88,196,707	52,523,551	157,005,898	291,920,329
Depreciation and amortization expense	5.3	1,455,809	1,974,957	2,770,618	4,002,603	7,516,904
Other expenses	19	9,496,936	7,756,602	20,093,762	17,925,348	34,984,220
Total expenses (B)		65,354,830	139,598,481	149,749,410	254,293,816	485,881,691
Profit / (Loss) before tax (A - B)		16,661,413	27,259,412	44,469,354	61,127,293	62,540,748
Tax expense						
Current tax (credit)		-	-	-	-	-
Deferred tax (credit)		-	-	-	-	-
Total tax expense / (credit)		-	-	-	-	-
Net profit / (loss) for the period / year (C)		16,661,413	27,259,412	44,469,354	61,127,293	62,540,748
Other comprehensive income						
Items that will not be reclassified to profit or loss (D)		-	-	-	-	-
Items that may be reclassified to profit or loss (E)						
- Exchange differences in translating the financial statements from functional currency to reporting currency		6,973,701	(12,013,058)	13,066,596	(12,911,498)	(32,072,219)
		6,973,701	(12,013,058)	13,066,596	(12,911,498)	(32,072,219)
Total comprehensive income for the period / year (C) + (D) + (E)		23,635,114	15,246,354	57,535,950	48,215,795	30,468,529
Earnings per equity share						
20						
[Nominal value of share MYR 1						
(Corresponding period / Previous year: MYR 1)]						
Basic (In ₹)		3.06	5.00	8.16	11.22	11.48
Diluted (In ₹)		3.06	5.00	8.16	11.22	11.48
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

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Chartered Accountants

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

per C. K. Joshi
Partner
Membership no. 030428

Dr. Anand Deshpande Azlin Ghazali
Director Director

Place: Pune
Date : October 15, 2017

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

Persistent Systems Malaysia Sdn. Bhd.**CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2017**

	For the half year ended		For the year ended
	September 30, 2017 (In ₹)	September 30, 2016 (In ₹)	March 31, 2017 (In ₹)
Cash flow from operating activities			
Profit before tax	44,469,354	61,127,293	62,540,748
Adjustments for:			
Depreciation and amortization expense	2,770,618	4,002,603	7,516,904
Unrealised exchange loss/ (gain) (net)	1,326,378	1,308,015	1,707,916
Change in foreign currency translation reserve	(943,868)	(9,934,322)	(24,749,468)
Provision for doubtful receivables	-	(465,347)	(914,614)
Operating profit before working capital changes	47,622,482	56,038,242	46,101,486
Movements in working capital :			
(Increase) / decrease in trade receivables	3,421,690	(340,689)	(7,654,817)
Decrease in other current assets	(28,656,518)	18,912,242	64,467,624
Decrease / (increase) in loans and advances	(320,252)	59,654	743,779
Decrease in other non-current assets	-	71,282	71,282
(Decrease) / Increase in trade payables and current liabilities	(43,778,122)	(17,792,996)	(44,078,136)
(Decrease) / Increase in provisions	6,166,849	(4,487,948)	(6,891,092)
Operating profit after working capital changes	(15,543,871)	52,459,787	52,760,126
Direct taxes paid (net of refunds)	20,162,417	-	(11,807,401)
Net cash generated from / (used in) operating	(A) 4,618,546	52,459,787	40,952,725
Cash flows from investing activities			
Payment towards capital expenditure	(3,424,820)	376,641	(1,649,461)
Net cash (used in) investing activities	(B) (3,424,820)	(376,641)	(1,649,461)
Cash flows from financing activities			
Net cash (used in) financing activities	(C) -	-	-
	September 30, 2017	September 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	1,193,726	52,083,146	39,303,264
Cash and cash equivalents at the beginning of the period / year	110,543,351	71,240,087	71,240,087
Cash and cash equivalents at the end of the period / year	111,737,077	123,323,233	110,543,351
Components of cash and cash equivalents			
Cash on hand	-	-	-
Balances with banks			
On current accounts	111,737,077	123,323,233	110,543,351
Cash and cash equivalents as per note 8	111,737,077	123,323,233	110,543,351

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

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Chartered Accountants

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per C. K. Joshi
Partner
Membership no. 030428
Place: Pune
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Dr. Anand Deshpande
Director
Place: Pune
Date : October 15, 2017

Azlin Ghazali
Director
Place: Kuala Lumpur
Date : October 15, 2017

Persistent Systems Malaysia Sdn. Bhd.**STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 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 September 30, 2017
102,247,081	-	102,247,081

(In ₹)

Balance as at April 1, 2016	Changes in equity share capital during the period	Balance as at September 30, 2016
102,247,081	-	102,247,081

(In ₹)

Balance as at April 1, 2016	Changes in equity share capital during the period	Balance as at March 31, 2017
102,247,081	-	102,247,081

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B. Other equity

(In ₹)

Particulars	Reserves and surplus	Items of other comprehensive income	Total
	Retained earnings	Exchange differences on translating the financial statements	
Balance as at April 1, 2017	162,514,928	(46,275,672)	116,239,256
Net profit for the period	44,469,354	-	44,469,354
Other comprehensive income for the period	-	13,066,596	13,066,596
Balance at September 30, 2017	206,984,282	(33,209,076)	173,775,206

(In ₹)

Particulars	Reserves and surplus	Items of other comprehensive income	Total
	Retained earnings	Exchange differences on translating the financial statements	
Balance as at April 1, 2016	99,974,180	(14,203,453)	85,770,727
Net profit for the period	61,127,293	-	61,127,293
Other comprehensive income for the period	-	(12,911,498)	(12,911,498)
Balance at September 30, 2016	161,101,473	(27,114,951)	133,986,522

(In ₹)

Particulars	Reserves and surplus	Items of other comprehensive income	Total
	Retained earnings	Exchange differences on translating the financial statements	
Balance as at April 1, 2016	99,974,180	(14,203,453)	85,770,727
Net profit for the period	62,540,748	-	62,540,748
Other comprehensive income for the year	-	(32,072,219)	(32,072,219)
Balance at March 31, 2017	162,514,928	(46,275,672)	116,239,256

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
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For and on behalf of the Board of Directors of
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per C. K. Joshi
 Partner
 Membership no. 030428

Dr. Anand Deshpande
 Director

Azlin Ghazali
 Director

Place: Pune
 Date : October 15, 2017

Place: Pune
 Date : October 15, 2017

Place: Kuala Lumpur
 Date : October 15, 2017

1. Nature of operations

Persistent Systems Malaysia Sdn. Bhd. ("the Company") is a Malaysia based wholly owned subsidiary of Persistent Systems Ltd. The Company is specializing in software products, services and technology innovation. It is engaged in development of software in the network monitoring space which enables the network administrators to optimize their networks and telecom service providers to maximize their return on investments.

2. Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which have been measured at fair value. The accounting policies are consistently applied by the Company during the period / year 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) Accounting year**

The accounting year of the Company is from April 01 to March 31.

(b) Functional currency

The Company's functional currency is Malaysian Ringgit (MYR)

(c) Use of estimates

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

Critical accounting estimates**i) Revenue recognition**

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

ii) Income taxes

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

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iii) Property, plant and equipment

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

iv) Provisions

Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(d) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period /year during which such expenses are incurred.

Gains or losses arising from disposal of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

(e) Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the asset;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Such development expenditure, until capitalization, is reflected as intangible assets under development.

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization of internally generated intangible asset begins when the development is complete and the asset is available for use.

(f) Depreciation and amortization

Depreciation on Property, Plant and Equipment is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

Assets	Useful lives
Computers	3 years
Computers - Servers and networks*	3 years
Office equipment	5 years
Plant and equipment*	5 years
Furniture and fixtures*	5 years

*For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013. Individual assets whose cost does not exceed ₹ 5,000 are fully depreciated in the year of acquisition.

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

(g) Impairment of Property, Plant and Equipment and other intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(h) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified as:

- Financial assets at amortized cost

Financial assets that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.

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- **Financial assets at fair value through other comprehensive income (FVTOCI)**

Financial assets that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value. Fair value movements are recognized in other comprehensive income.

- **Financial assets at fair value through profit or loss (FVTPL)**

Any financial asset which does not meet the criteria for categorization as financial instruments at amortized cost or as FVTOCI, is classified as financial instrument at FVTPL. Financial instruments included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For the purpose of subsequent measurement, financial liabilities are classified as:

- **Financial liabilities at amortized cost**

Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss (FVTPL)**

Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss if the recognition criteria as per Ind AS 109 – “Financial Instruments” are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss. Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Company has not designated any financial liability as at FVTPL.

iii) Impairment

i) Financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For trade receivables, the Company recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ii) Non-Financial assets

The carrying amounts of Property, Plant and Equipment and Goodwill are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Company estimates the asset's recoverable amount.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(i) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period / year they occur.

(j) Leases

Where the Company is a lessee

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

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

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Company. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Income from software services

Revenue from time and material engagements is recognized on time proportion basis as and when the services are rendered in accordance with the terms of the contracts with customers.

In case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on proportionate completion basis.

Revenue from royalty is recognized in accordance with the terms of the relevant agreements.

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

Revenue from licensing of software and sale of products is recognized upon delivery.

Unbilled revenue represents revenue recognized in relation to work done until the balance sheet date for which billing has not taken place.

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized.

The Company collects Goods and service tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

(iii) Dividend

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date. Dividend income is included under the head 'Other income' in the statement of profit and loss.

(l) Foreign currency translation**(i) Foreign currency transactions and balances*****Initial recognition***

Foreign currency transactions are recorded in the functional currency viz. MYR, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

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

The exchange difference arising out of the period / year end conversion is translated to Currency Translation Reserve and the said amount is shown under the head "Other Equity".

Settlement

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

(m) Retirement and other employee benefits**(i) Provident Fund**

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

(ii) Leave encashment

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

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

(n) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Malaysian Income tax Act, 1967. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

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

In the situations where the Company is entitled to a tax holiday under the Income-tax Act enacted in Malaysia, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

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

(o) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the 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.

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(p) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(r) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprises of cash at bank, cash in hand and short term deposits with an original maturity period of three months or less.

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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 (No.) 10,000,000 Equity shares of MYR 1 each (previous period / year 10,000,000 of MYR 1 each)	MYR 10,000,000	MYR 10,000,000	MYR 10,000,000
	MYR 10,000,000	MYR 10,000,000	MYR 10,000,000
Issued, subscribed and fully paid-up shares (No.) 5,450,000 Equity shares of 1 MYR each fully paid (Previous period / year 5,450,000 Equity shares of MYR 1 each)	102,247,081	102,247,081	102,247,081
Issued, subscribed and fully paid-up share capital	102,247,081	102,247,081	102,247,081

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

The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

	(In ₹)					
	As at September 30, 2017		As at September 30, 2016		As at March 31, 2017	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the period / year	5,450,000	102,247,081	5,450,000	102,247,081	5,450,000	102,247,081
Add: Issued during the period / year	-	-	-	-	-	-
Number of shares at the end of the period / year	5,450,000	102,247,081	5,450,000	102,247,081	5,450,000	102,247,081

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Persistent Systems Malaysia Sdn. Bhd.
Notes forming part of condensed financial statements

5.1 Property, Plant and Equipment

	(In ₹)					
	Computers	Office equipments	Plant and Equipment - Freehold	Leasehold improvements	Furniture and fixtures	Total
Gross block (At cost)						
As at April 1, 2017	28,168,881	130,680	6,473,707	2,017,201	6,693,175	43,483,644
Additions	3,424,820	-	-	-	-	3,424,820
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	1,545,579	6,987	346,117	107,849	357,849	2,364,381
As at September 30, 2017	33,139,280	137,667	6,819,824	2,125,050	7,051,024	49,272,845
Depreciation and amortization						
As at April 1, 2017	26,232,488	93,266	4,256,986	1,070,150	4,713,592	36,366,482
Charge for the period	1,119,106	12,871	744,678	172,406	703,897	2,752,958
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	1,437,376	5,387	250,797	62,586	273,939	2,030,085
As at September 30, 2017	28,788,970	111,524	5,252,461	1,305,142	5,691,428	41,149,525
Net block						
As at September 30, 2017	4,350,310	26,143	1,567,363	819,908	1,359,596	8,123,320
As at March 31, 2017	1,936,393	37,414	2,216,721	947,051	1,979,583	7,117,162

	(In ₹)					
	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Total
Gross block (At cost)						
As at April 1, 2016	31,538,856	152,313	6,999,408	2,351,132	7,801,175	48,842,884
Additions	376,641	-	-	-	-	376,641
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(1,827,867)	(8,828)	(405,659)	(136,262)	(452,125)	(2,830,741)
As at September 30, 2016	30,087,630	143,485	6,593,749	2,214,870	7,349,050	46,388,784
Depreciation and amortization						
As at April 1, 2016	26,408,591	73,935	3,333,778	855,002	3,777,868	34,449,174
Charge for the period	2,148,118	16,982	766,129	191,677	838,374	3,961,280
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(1,602,113)	(4,851)	(218,740)	(55,941)	(246,883)	(2,128,528)
As at September 30, 2016	26,954,596	86,066	3,881,167	990,738	4,369,359	36,281,926
Net block						
As at September 30, 2016	3,133,034	57,419	2,712,582	1,224,132	2,979,691	10,106,858
As at March 31, 2016	5,130,265	78,378	3,665,630	1,496,130	4,023,307	14,393,710

	(In ₹)					
	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Total
Gross block (At cost)						
As at April 1, 2016	31,538,856	152,313	6,999,408	2,351,132	7,801,175	48,842,884
Additions	1,165,729	-	483,732	-	-	1,649,461
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(4,535,704)	(21,633)	(1,009,433)	(333,931)	(1,108,000)	(7,008,701)
As at March 31, 2017	28,168,881	130,680	6,473,707	2,017,201	6,693,175	43,483,644
Depreciation and amortization						
As at April 1, 2016	26,408,591	73,935	3,333,778	855,002	3,777,868	34,449,174
Charge for the year	3,911,714	32,644	1,528,380	368,317	1,611,096	7,452,151
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(4,087,817)	(13,313)	(605,172)	(153,169)	(675,372)	(5,534,843)
As at March 31, 2017	26,232,488	93,266	4,256,986	1,070,150	4,713,592	36,366,482
Net block						
As at March 31, 2017	1,936,393	37,414	2,216,721	947,051	1,979,583	7,117,162
As at April 1, 2016	5,130,265	78,378	3,665,630	1,496,130	4,023,307	14,393,710

Persistent Systems Malaysia Sdn. Bhd.
Notes forming part of condensed financial statements

5.2. Other Intangible assets

	(In ₹)	
	Software	Total
Gross block (At Cost)		
As at April 1, 2017	474,542	474,542
Additions	-	-
Disposals	-	-
Effect of foreign currency exchange differences	25,371	25,371
As at September 30, 2017	499,913	499,913
Amortization		
As at April 1, 2017	457,256	457,256
Charge for the period	17,660	17,660
Reversals/ Disposals during the period	-	-
Effect of foreign currency exchange differences	24,997	24,997
As at September 30, 2017	499,913	499,913
Net block		
As at September 30, 2017	-	-
As at March 31, 2017	17,286	17,286

	(In ₹)	
	Software	Total
Gross block (At Cost)		
As at April 1, 2016	553,098	553,098
Additions	-	-
Disposals	-	-
Effect of foreign currency exchange differences	(32,055)	(32,055)
As at September 30, 2016	521,043	521,043
Amortization		
As at April 1, 2016	463,981	463,981
Charge for the period	41,323	41,323
Reversals/ Disposals during the period	-	-
Effect of foreign currency exchange differences	(28,268)	(28,268)
As at September 30, 2016	477,036	477,036
Net block		
As at September 30, 2016	44,007	44,007
As at March 31, 2016	89,117	89,117

	(In ₹)	
	Software	Total
Gross block (At Cost)		
As at April 1, 2016	553,098	553,098
Additions	-	-
Disposals	-	-
Effect of foreign currency exchange differences	(78,556)	(78,556)
As at March 31, 2017	474,542	474,542
Amortization		
As at April 1, 2016	463,981	463,981
Charge for the year	64,753	64,753
Reversals/ Disposals during the period	-	-
Effect of foreign currency exchange differences	(71,478)	(71,478)
As at March 31, 2017	457,256	457,256
Net block		
As at March 31, 2017	17,286	17,286
As at March 31, 2016	89,117	89,117

5.3. Depreciation and amortization

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
On Property, Plant and Equipment	1,449,722	1,954,941	2,752,958	3,961,280	7,452,151
On intangible assets	6,087	20,016	17,660	41,323	64,753
	1,455,809	1,974,957	2,770,618	4,002,603	7,516,904

6. Non-current financial assets : Loans

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Security deposits (At amortised cost)			
Unsecured, considered good	3,386,895	3,750,768	3,066,643
Unsecured, considered doubtful	-	-	-
	3,386,895	3,750,768	3,066,643
Less: Provision for doubtful deposits	-	-	-
	3,386,895	3,750,768	3,066,643

7. Trade receivables

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good	-	-	-
Unsecured, considered doubtful	-	467,878	-
	-	467,878	-
Less : Provision for doubtful receivables	-	(467,878)	-
	-	-	-
Others			
Unsecured, considered good	28,735,578	26,126,885	33,436,513
Unsecured, considered doubtful	-	-	-
	28,735,578	26,126,885	33,436,513
Less : Provision for doubtful receivables	-	-	-
	28,735,578	26,126,885	33,436,513

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8. 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			
Cash in hand	-	-	-
Balances with banks			
On current accounts	111,737,077	123,323,233	110,543,351
	111,737,077	123,323,233	110,543,351

9. Current financial assets : Loans

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Carried at amortised cost			
Security Deposits			
Unsecured, considered good	1,063,076	1,108,009	1,009,123
Advances			
Unsecured, considered good	-	-	-
	1,063,076	1,108,009	1,009,123

10. 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 Limited	3,755	-	-
	3,755	-	-
Other advances (Unsecured, considered good)			
Accrued employee asset	2,155	-	-
	2,155	-	-
Unbilled revenue	83,669,636	118,932,919	75,910,849
	83,669,636	118,932,919	75,910,849
	83,675,546	118,932,919	75,910,849

11. Other current assets

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Advances (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	5,943,185	4,718,596	2,656,931
Advances to suppliers (Unsecured, considered good)			
Persistent Telecom Solutions Inc.	10,371,274	-	-
Persistent Systems Limited	7,210,984	-	-
Other advances (Unsecured, considered good)			
GST receivable (net)	90,583	494,507	120,304
	23,616,026	5,213,103	2,777,235

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Persistent Systems Malaysia Sdn. Bhd.
Notes forming part of condensed financial statements

12. 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	6,642,697	76,881,121	50,393,161
	6,642,697	76,881,121	50,393,161

13. 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	-	17,512	165,024
-Persistent Systems Inc.	-	-	-
	-	17,512	165,024

14. Other current liabilities

	As at September 30, 2017 (In ₹)	As at September 30, 2016 (In ₹)	As at March 31, 2017 (In ₹)
Advance from customers	185,422	-	-
Unearned revenue	-	-	-
	185,422	-	-

15. 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			
Other employee benefits	16,153,935	12,390,230	9,987,086
	16,153,935	12,390,230	9,987,086

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16. Revenue from operations (net)

	For the quarter ended		For the 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 ₹)
Software services	82,016,243	166,857,893	194,218,764	313,449,720	548,422,439
	82,016,243	166,857,893	194,218,764	313,449,720	548,422,439

17. Other income

	For the quarter ended		For the 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 ₹)
Interest income	-	-	-	1,971,389	-
Foreign exchange gain (net)	-	-	-	1,971,389	-
	-	-	-	1,971,389	-

18. Personnel expenses

	For the quarter ended		For the 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 ₹)
18.1 Employee benefits expense					
Salaries, wages and bonus	32,833,962	36,020,032	63,885,423	62,872,734	127,932,473
Defined contribution to other funds	3,372,371	4,012,479	7,200,459	8,390,313	16,673,823
Staff welfare and benefits	1,576,376	1,628,719	3,275,597	4,079,271	6,818,079
Employee stock option expenses	-	8,985	-	17,649	35,863
	37,782,709	41,670,215	74,361,479	75,359,967	151,460,238
18.2 Cost of technical professionals					
Technical professionals - related parties	16,619,376	85,919,188	52,523,551	151,852,775	285,417,608
Technical professionals - others	-	2,277,519	-	5,153,123	6,502,721
	16,619,376	88,196,707	52,523,551	157,005,898	291,920,329
	54,402,085	129,866,922	126,885,030	232,365,865	443,380,567

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19. Other expenses

	For the quarter ended		For the 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 ₹)
Travelling and conveyance	621,219	976,620	1,819,835	3,393,368	6,726,564
Electricity expenses (net)	636,292	867,017	1,245,088	1,829,388	3,188,082
Internet link expenses	616,425	719,539	1,220,959	1,462,824	2,840,037
Communication expenses	122,288	141,649	280,689	311,716	635,568
Recruitment expenses	899	(1,782)	899	210,916	42,694
Training and seminars	599	(336,618)	96,893	(150,801)	(212,628)
Purchase of software licenses and support expenses	358,420	350,405	680,440	784,667	1,509,934
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	-	(465,347)	-	(465,347)	(914,614)
Rent	2,090,483	2,742,843	4,134,541	5,506,879	10,255,035
Insurance	87,037	71,585	174,365	143,593	280,818
Rates and taxes	5,889	979	7,311	18,485	119,670
Legal and professional fees	233,076	546,961	507,392	1,172,623	1,572,641
Repairs and maintenance	-	-	-	-	-
- Plant and Machinery	957,312	977,792	1,661,480	1,970,870	3,078,597
- Building	-	-	-	-	1,951,548
- Others	12,291	14,587	24,920	23,491	22,467
Advertisement and sponsorship fees	30,213	49,992	59,730	80,704	138,871
Computer consumables	8,467	1,966	8,467	1,966	191,128
Auditors' remuneration	82,294	77,790	163,576	178,662	342,997
Books, memberships, subscriptions	269,402	110,900	291,740	399,773	385,145
Foreign exchange loss / (gain) (net)	2,869,856	392,214	6,754,525	-	773,943
Miscellaneous expenses	494,474	517,510	960,912	1,051,571	2,055,723
	9,496,936	7,756,602	20,093,762	17,925,348	34,984,220

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20. Earnings per share

		For the quarter ended		For the half year ended		For the year ended
		September 30,	September 30,	September 30,	September 30,	March 31, 2017
		2017	2016	2017	2016	
<u>Numerator for Basic and Diluted EPS</u>						
Net Profit after tax (In ₹)	(A)	16,661,413	27,259,412	44,469,354	61,127,293	62,540,748
<u>Denominator for Basic EPS</u>						
Weighted average number of equity shares of MYR 1 each	(B)	5,450,000	5,450,000	5,450,000	5,450,000	5,450,000
<u>Denominator for Diluted EPS</u>						
Number of equity shares of MYR 1 each	(C)	5,450,000	5,450,000	5,450,000	5,450,000	5,450,000
Basic Earnings per share of MYR 1 each (In ₹)	(A/B)	3.06	5.00	8.16	11.22	11.48
Diluted Earnings per share of MYR 1 each (In ₹)	(A/C)	3.06	5.00	8.16	11.22	11.48

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21. Contingent liabilities

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

22. Previous period's / year's figures have been regrouped where necessary to conform to current periods' / 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
Persistent Systems Malaysia Sdn. Bhd.

per C.K. Joshi
Partner
Membership No.030428
Place: Pune
Date: October 15th, 2017

Dr. Anand Deshpande
Director

Place: Pune
Date: October 15th, 2017

Azlin Ghazali
Director

Place: Kuala Lumpur
Date: October 15th, 2017