

Persistent Systems Malaysia Sdn. Bhd.
CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2018

	Notes	As at September 30, 2018 (In ₹)	As at September 30, 2017 (In ₹)	As at March 31, 2018 (In ₹)
ASSETS				
Non-current assets				
Property, Plant and Equipment	5.1	4,689,237	8,123,320	6,356,211
Other Intangible assets	5.2	-	-	-
		4,689,237	8,123,320	6,356,211
Financial assets				
- Loans	6	3,856,623	3,386,895	3,718,072
		8,545,860	11,510,215	10,074,283
Current assets				
Financial Assets				
- Trade receivables	7	51,554,807	28,735,578	50,454,779
- Cash and cash equivalents	8	178,903,343	111,737,077	224,662,797
- Loans	9	-	1,063,076	-
- Other current financial assets	10	77,945,156	83,675,546	60,431,993
Current tax assets (net)		38,079,801	38,666,823	45,583,379
Other current assets	11	6,376,808	23,616,026	4,004,846
		352,859,915	287,494,126	385,137,794
TOTAL		361,405,775	299,004,341	395,212,077
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	102,247,081	102,247,081	102,247,081
Other equity		213,222,097	173,775,206	227,880,711
		315,469,178	276,022,287	330,127,792
LIABILITIES				
Current liabilities				
Financial liabilities				
- Trade payables	12	28,244,111	6,642,697	43,487,654
- Other financial liabilities	13	35,024	-	293,088
Other current liabilities	14	2,639,674	185,422	452,505
Provisions	15	15,017,788	16,153,935	20,851,038
		45,936,597	22,982,054	65,084,285
TOTAL		361,405,775	299,004,341	395,212,077
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 20, 2018

Dr. Anand Deshpande
Director
Place: Pune
Date : October 20, 2018

Azlin Ghazali
Director
Place: Kuala Lumpur
Date : October 20, 2018

	Notes	For the Quarter ended		For the Half year ended		For the year ended
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
		(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Income						
Revenue from operations (net)	16	121,998,702	82,016,243	245,385,415	194,218,764	404,700,517
Other income	17	654,637	-	1,668,559	-	4,200,972
Total income (A)		122,653,339	82,016,243	247,053,974	194,218,764	408,901,489
Expenses						
Employee benefits expense	18.1	33,884,672	37,782,709	75,667,955	74,361,479	154,854,235
Cost of technical professionals	18.2	38,296,365	16,619,376	75,179,852	52,523,551	116,891,764
Depreciation and amortization expense	5.3	1,184,977	1,455,809	2,370,091	2,770,618	5,160,266
Other expenses	19	8,765,035	9,496,936	17,905,901	20,093,762	60,403,182
Total expenses (B)		82,131,049	65,354,830	171,123,799	149,749,410	337,309,447
Profit before tax (A - B)		40,522,290	16,661,413	75,930,175	44,469,354	71,592,042
Tax expense						
Current tax (credit)		-	-	-	-	-
Deferred tax (credit)		-	-	-	-	-
Total tax expense / (credit)		-	-	-	-	-
Net profit for the period / year (C)		40,522,290	16,661,413	75,930,175	44,469,354	71,592,042
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		13,322,260	6,973,701	14,491,571	13,066,596	40,049,413
		13,322,260	6,973,701	14,491,571	13,066,596	40,049,413
Total comprehensive income for the period / year (C) + (D) + (E)		53,844,550	23,635,114	90,421,746	57,535,950	111,641,455
Earnings per equity share						
[Nominal value of share MYR 1 (Corresponding period / Previous year: MYR 1)]	20					
Basic (In ₹)		7.44	3.06	13.93	8.16	13.14
Diluted (In ₹)		7.44	3.06	13.93	8.16	13.14
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
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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
Director

Azlin Ghazali
Director

Place: Pune
Date : October 20, 2018

Place: Pune
Date : October 20, 2018

Place: Kuala Lumpur
Date : October 20, 2018

Persistent Systems Malaysia Sdn. Bhd.**STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2018****A. Equity share capital (Refer note 4)****(In ₹)**

Balance as at April 1, 2018	Changes in equity share capital during the period	Balance as at September 30, 2018
102,247,081	-	102,247,081

(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, 2017	Changes in equity share capital during the period	Balance as at March 31, 2018
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, 2018	234,106,970	(6,226,259)	227,880,711
Net profit for the period	75,930,175	-	75,930,175
Interim Dividend	(105,080,360)		(105,080,360)
Other comprehensive income for the period	-	14,491,571	14,491,571
Balance at September 30, 2018	204,956,785	8,265,312	213,222,097

(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, 2017	162,514,928	(46,275,672)	116,239,256
Net profit for the period	71,592,042	-	71,592,042
Other comprehensive income for the year		40,049,413	40,049,413
Balance at March 31, 2018	234,106,970	(6,226,259)	227,880,711

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
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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 except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016.

These financial statements have been prepared in accordance with Ind AS 34 Interim Financial Reporting for the quarter and half year ended September 30, 2018 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.

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.

- 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 and products

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the previous period's/ year's amounts have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 was insignificant.

The company derives revenues primarily from IT services comprising of software development and related services and from the licensing of software products.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.

Arrangements with customers for software related services are either on a time-and-material or a fixed-price basis.

Revenue on time-and-material contracts are recognized as and when the related services are performed. Revenue from fixed-price contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.

The company has applied the principles under Ind AS 115 to account for revenues from these performance obligations.

When support services are provided in conjunction with the licensing arrangement and the license and the support services have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. Maintenance revenue is recognized proportionately over the period in which the services are rendered.

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

The company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the proportionate allocation of the discounts amount to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

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.

(I) 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.

(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, 2018 (In ₹)	As at September 30, 2017 (In ₹)	As at March 31, 2018 (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:

	As at September 30, 2018		As at September 30, 2017		As at March 31, 2018	
	No of shares	Amount (In ₹)	No of shares	Amount (In ₹)	No of shares	Amount (In ₹)
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, 2018	35,165,074	150,554	7,458,251	2,323,984	7,711,097	52,808,960
Additions	515,359	-	-	-	-	515,359
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	1,329,642	5,610	277,925	86,601	287,347	1,987,125
As at September 30, 2018	37,010,075	156,164	7,736,176	2,410,585	7,998,444	55,311,444
Depreciation and amortization						
As at April 1, 2018	31,605,866	129,063	6,304,043	1,620,678	6,793,099	46,452,749
Charge for the period	1,033,880	7,202	561,964	196,011	571,034	2,370,091
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	1,207,578	5,017	251,120	66,046	269,606	1,799,367
As at September 30, 2018	33,847,324	141,282	7,117,127	1,882,735	7,633,739	50,622,207
Net block						
As at September 30, 2018	3,162,751	14,882	619,049	527,850	364,705	4,689,237
As at March 31, 2018	3,559,208	21,491	1,154,208	703,306	917,998	6,356,211

	(In ₹)					
	Computers	Office equipments	Plant and equipment	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, 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	1,057,123	-	-	-	-	1,057,123
Effect of foreign currency translation from functional currency to reporting currency	4,628,496	19,874	984,544	306,783	1,017,922	6,957,619
As at March 31, 2018	35,165,074	150,554	7,458,251	2,323,984	7,711,097	52,808,960
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 year	2,246,316	19,733	1,277,883	354,042	1,244,109	5,142,083
Disposals	1,057,123	-	-	-	-	1,057,123
Effect of foreign currency translation from functional currency to reporting currency	4,184,185	16,064	769,174	196,486	835,398	6,001,307
As at March 31, 2018	31,605,866	129,063	6,304,043	1,620,678	6,793,099	46,452,749
Net block						
As at March 31, 2018	3,559,208	21,491	1,154,208	703,306	917,998	6,356,211
As at March 31, 2017	1,936,393	37,414	2,216,721	947,051	1,979,583	7,117,162

5.2. Other Intangible assets

	(In ₹)	
	Software	Total
Gross block (At Cost)		
As at April 1, 2018	546,712	546,712
Additions	-	-
Disposals	-	-
Effect of foreign currency exchange differences	20,372	20,372
As at September 30, 2018	567,084	567,084
Amortization		
As at April 1, 2018	546,712	546,712
Charge for the period	-	-
Reversals/ Disposals during the period	-	-
Effect of foreign currency exchange differences	20,372	20,372
As at September 30, 2018	567,084	567,084
Net block		
As at September 30, 2018	-	-
As at March 31, 2018	-	-

	(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, 2017	474,542	474,542
Additions	-	-
Disposals	-	-
Effect of foreign currency exchange differences	72,170	72,170
As at March 31, 2018	546,712	546,712
Amortization		
As at April 1, 2017	457,256	457,256
Charge for the year	18,183	18,183
Reversals/ Disposals during the period	-	-
Effect of foreign currency exchange differences	71,273	71,273
As at March 31, 2018	546,712	546,712
Net block		
As at March 31, 2018	-	-
As at March 31, 2017	17,286	17,286

5.3. Depreciation and amortization

	For the Quarter ended		For the Half year ended		For the year ended
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
On Property, Plant and Equipment	1,184,977	1,449,722	2,370,091	2,752,958	5,142,083
On intangible assets	-	6,087	-	17,660	18,183
	1,184,977	1,455,809	2,370,091	2,770,618	5,160,266

6. Non-current financial assets : Loans

	As at	As at	As at
	September 30, 2018	September 30, 2017	March 31, 2018
	(In ₹)	(In ₹)	(In ₹)
Security deposits (At amortised cost)			
Unsecured, considered good	3,856,623	3,386,895	3,718,072
Unsecured, considered doubtful	-	-	-
	3,856,623	3,386,895	3,718,072
Less: Provision for doubtful deposits	-	-	-
	3,856,623	3,386,895	3,718,072

7. Trade receivables

	As at	As at	As at
	September 30, 2018	September 30, 2017	March 31, 2018
	(In ₹)	(In ₹)	(In ₹)
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good	-	-	-
Unsecured, considered doubtful	1,150,900	-	1,109,554
	1,150,900	-	1,109,554
Less : Provision for doubtful receivables	(1,150,900)	-	(1,109,554)
	-	-	-
Others			
Unsecured, considered good	51,554,807	28,735,578	50,454,779
Unsecured, considered doubtful	-	-	-
	51,554,807	28,735,578	50,454,779
Less : Provision for doubtful receivables	-	-	-
	51,554,807	28,735,578	50,454,779

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Persistent Systems Malaysia Sdn. Bhd.

Notes forming part of condensed financial statements

8. Cash and cash equivalents

	As at September 30, 2018 (In ₹)	As at September 30, 2017 (In ₹)	As at March 31, 2018 (In ₹)
Cash and cash equivalents as presented in cash flow statement			
Cash in hand	-	-	-
Balances with banks			
On current accounts	12,197,760	111,737,077	38,600,381
On deposits with original maturity of less than three months	166,516,000		185,881,300
Add: Interest accrued on bank deposits	189,583		181,116
	178,903,343	111,737,077	224,662,797

9. Current financial assets : Loans

	As at September 30, 2018 (In ₹)	As at September 30, 2017 (In ₹)	As at March 31, 2018 (In ₹)
Carried at amortised cost			
Security Deposits			
Unsecured, considered good	-	1,063,076	-
Advances			
Unsecured, considered good	-	-	-
	-	1,063,076	-

10. Other current financial assets

	As at September 30, 2018 (In ₹)	As at September 30, 2017 (In ₹)	As at March 31, 2018 (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	77,945,156	83,669,636	60,431,993
	77,945,156	83,669,636	60,431,993
	77,945,156	83,675,546	60,431,993

11. Other current assets

	As at September 30, 2018 (In ₹)	As at September 30, 2017 (In ₹)	As at March 31, 2018 (In ₹)
Advances (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	6,133,057	5,943,185	3,205,006
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)	243,751	90,583	799,840
	6,376,808	23,616,026	4,004,846

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12. Trade payables

	As at September 30, 2018 (In ₹)	As at September 30, 2017 (In ₹)	As at March 31, 2018 (In ₹)
Trade payables for goods and services	28,244,111	6,642,697	43,487,654
	28,244,111	6,642,697	43,487,654

13. Other current financial liabilities

	As at September 30, 2018 (In ₹)	As at September 30, 2017 (In ₹)	As at March 31, 2018 (In ₹)
Advance from related parties (Unsecured, considered good)			
-Persistent Systems Limited	35,024	-	293,088
	35,024	-	293,088

14. Other current liabilities

	As at September 30, 2018 (In ₹)	As at September 30, 2017 (In ₹)	As at March 31, 2018 (In ₹)
Advance from customers	-	185,422	202,779
Unearned revenue	2,639,674	-	249,726
	2,639,674	185,422	452,505

15. Current liabilities : Provisions

	As at September 30, 2018 (In ₹)	As at September 30, 2017 (In ₹)	As at March 31, 2018 (In ₹)
Provision for employee benefits			
Other employee benefits	15,017,788	16,153,935	20,851,038
	15,017,788	16,153,935	20,851,038

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16. Revenue from operations (net)

	For the Quarter ended		For the Half year ended		For the year ended
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Software services	121,998,702	82,016,243	245,385,415	194,218,764	404,700,517
	121,998,702	82,016,243	245,385,415	194,218,764	404,700,517

17. Other income

	For the Quarter ended		For the Half year ended		For the year ended
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Interest income					
On bank deposits	654,637	-	1,668,559	-	552,632
On others	-	-	-	-	12,888
Excess provision in respect of earlier years written back	-	-	-	-	3,635,452
	654,637	-	1,668,559	-	4,200,972

18. Personnel expenses

	For the Quarter ended		For the Half year ended		For the year ended
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
18.1 Employee benefits expense					
Salaries, wages and bonus	28,259,251	32,833,962	63,303,816	63,885,423	132,885,387
Defined contribution to other funds	4,153,305	3,372,371	9,104,920	7,200,459	15,332,887
Staff welfare and benefits	1,472,116	1,576,376	3,259,219	3,275,597	6,635,961
	33,884,672	37,782,709	75,667,955	74,361,479	154,854,235
18.2 Cost of technical professionals					
Technical professionals - related parties	38,296,365	16,619,376	75,179,852	52,523,551	113,225,898
Technical professionals - others	-	-	-	-	3,665,866
	38,296,365	16,619,376	75,179,852	52,523,551	116,891,764
	72,181,037	54,402,085	150,847,807	126,885,030	271,745,999

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19. Other expenses

	For the Quarter ended		For the Half year ended		For the year ended
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Travelling and conveyance	1,922,378	621,219	4,071,631	1,819,835	4,295,329
Electricity expenses (net)	706,366	636,292	1,397,116	1,245,088	2,526,869
Internet link expenses	673,640	616,425	1,366,118	1,220,959	2,465,584
Communication expenses	104,934	122,288	209,406	280,689	496,547
Recruitment expenses	(2,610)	899	168,071	899	47,642
Training and seminars	110,540	599	141,064	96,893	198,946
Purchase of software licenses and support expenses	240,731	358,420	639,421	680,440	16,360,703
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	-	-	-	-	1,013,032
Rent	2,301,082	2,090,483	4,580,896	4,134,541	8,387,801
Insurance	92,113	87,037	182,429	174,365	346,365
Rates and taxes	793	5,889	1,141	7,311	15,326
Legal and professional fees	430,529	233,076	862,524	507,392	1,701,737
Repairs and maintenance	-	-	-	-	-
- Plant and Machinery	811,515	957,312	1,646,683	1,661,480	3,371,387
- Building	-	-	-	-	10,028
- Others	78	12,291	16,696	24,920	57,903
Advertisement and sponsorship fees	34,298	30,213	67,908	59,730	122,655
Computer consumables	2,644	8,467	7,053	8,467	77,496
Auditors' remuneration	107,692	82,294	203,146	163,576	328,607
Books, memberships, subscriptions	143,825	269,402	531,331	291,740	969,064
Foreign exchange loss / (gain) (net)	561,531	2,869,856	690,446	6,754,525	14,547,592
Miscellaneous expenses	522,956	494,474	1,122,821	960,912	3,062,569
	8,765,035	9,496,936	17,905,901	20,093,762	60,403,182

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20. Earnings per share

		For the Quarter ended		For the Half year ended		For the year ended
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
<u>Numerator for Basic and Diluted EPS</u>						
Net Profit after tax (In ₹)	(A)	40,522,290	16,661,413	75,930,175	44,469,354	71,592,042
<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)	7.44	3.06	13.93	8.16	13.14
Diluted Earnings per share of MYR 1 each (In ₹)	(A/C)	7.44	3.06	13.93	8.16	13.14

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21. Contingent liabilities

The Company does not have any contingent liability as on September 30, 2018 (previous period / year ₹ Nil).

22. Previous period / year's figures have been regrouped where necessary to conform to current periods' 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 20, 2018

Dr. Anand Deshpande
Director

Place: Pune
Date: October 20, 2018

Azlin Ghazali
Director

Place: Kuala Lumpur
Date: October 20, 2018
