Persistent Systems Malaysia Sdn. Bhd.

CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2018

	Notes	As at December 31, 2018 (In ₹)	As at December 31, 2017 (In ₹)	As at March 31, 2018 (In ₹)
ASSETS				
Non-current assets				
Property, Plant and Equipment	5.1	3,417,822	7,063,971	6,356,211
Other Intangible assets	5.2	-	-	-
		3,417,822	**7,063,971**	**6,356,211**
Financial assets				
- Loans	6	3,714,178	3,454,474	3,718,072
		7,132,000	**10,518,445**	**10,074,283**
Current assets				
Financial Assets				
- Trade receivables	7	33,653,510	48,868,225	50,454,779
- Cash and cash equivalents	8	203,203,838	130,627,278	224,662,797
- Loans	9	-	1,084,287	-
- Other current financial assets	10	113,085,966	89,208,792	60,431,993
Current tax assets (net)		54,277,062	42,513,069	45,583,379
Other current assets	11	4,695,450	11,334,778	4,004,846
		408,915,826	**323,636,429**	**385,137,794**
TOTAL		**416,047,826**	**334,154,874**	**395,212,077**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	102,247,081	102,247,081	102,247,081
Other equity		258,103,420	204,204,544	227,880,711
		360,350,501	**306,451,625**	**330,127,792**
LIABILITIES				
Current liabilities				
Financial liabilities				
- Trade payables	12	43,784,121	12,662,792	43,487,654
- Other financial liabilities	13	52,709	6,407	293,088
Other current liabilities	14	1,727,354	1,366,746	452,505
Provisions	15	10,133,141	13,667,304	20,851,038
		55,697,325	**27,703,249**	**65,084,285**
TOTAL		**416,047,826**	**334,154,874**	**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

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

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

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

Azlin Ghazali
Director
Place: Kuala Lumpur
Date : January 25, 2019

Persistent Systems Malaysia Sdn. Bhd.

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

	Notes	For the Quarter ended		For nine months ended		For the year ended
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
		(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Income						
Revenue from operations (net)	16	150,881,564	102,490,337	396,266,979	296,709,101	404,700,517
Other income	17	1,233,566	-	2,902,125	-	4,200,972
Total income (A)		**152,115,130**	**102,490,337**	**399,169,104**	**296,709,101**	**408,901,489**
Expenses						
Employee benefits expense	18.1	42,971,261	39,866,751	118,639,216	114,228,230	154,854,235
Cost of technical professionals	18.2	32,023,658	24,475,637	107,203,510	76,999,188	116,891,764
Depreciation and amortization expense	5.3	1,166,860	1,215,803	3,536,951	3,986,421	5,160,266
Other expenses	19	18,450,063	12,291,898	36,355,964	32,385,660	60,403,182
Total expenses (B)		**94,611,842**	**77,850,089**	**265,735,641**	**227,599,499**	**337,309,447**
Profit before tax (A - B)		**57,503,288**	**24,640,248**	**133,433,463**	**69,109,602**	**71,592,042**
Tax expense						
Current tax (credit)		-	-	-	-	-
Deferred tax (credit)		-	-	-	-	-
Total tax expense / (credit)		**-**	**-**	**-**	**-**	**-**
Net profit for the period / year (C)		**57,503,288**	**24,640,248**	**133,433,463**	**69,109,602**	**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		(16,503,128)	5,789,090	(2,011,557)	18,855,686	40,049,413
		(16,503,128)	**5,789,090**	**(2,011,557)**	**18,855,686**	**40,049,413**
Total comprehensive income for the period / year (C) + (D) + (E)		**41,000,160**	**30,429,338**	**131,421,906**	**87,965,288**	**111,641,455**
Earnings per equity share [Nominal value of share MYR 1 (Corresponding period / Previous year: MYR 1)]	20					
Basic (In ₹)		10.55	4.52	24.48	12.68	13.14
Diluted (In ₹)		10.55	4.52	24.48	12.68	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

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per C. K. Joshi
Partner
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Place: Pune
Date : January 25, 2019

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

Dr. Anand Deshpande
Director

Place: Pune
Date : January 25, 2019

Azlin Ghazali
Director

Place: Kuala Lumpur
Date : January 25, 2019

Persistent Systems Malaysia Sdn. Bhd.

CASH FLOW STATEMENT FOR NINE MONTHS ENDED DECEMBER 31, 2018

		For nine months ended		For the year ended
		December 31, 2018 (In ₹)	December 31, 2017 (In ₹)	March 31, 2018 (In ₹)
Cash flow from operating activities				
Profit before tax		**133,433,463**	**69,109,602**	**71,592,042**
Adjustments for:				
Depreciation and amortization expense		3,536,951	3,986,421	5,160,266
Unrealised exchange (gain) / loss (net)		160,990	50,724	1,222,475
Change in foreign currency translation reserve		(2,203,082)	842,522	34,017,370
Provision for doubtful receivables		-	-	1,013,032
Operating profit before working capital changes		**134,928,323**	**73,989,269**	**113,005,185**
Movements in working capital :				
Decrease / (increase) in trade receivables		16,781,507	(15,488,874)	(18,066,108)
Decrease / (increase) in other current assets		(53,344,614)	(21,928,319)	15,265,231
Increase in loans and advances		3,894	(387,831)	(651,429)
(Increase) / Decrease in other non-current assets		-	-	-
(Decrease) in trade payables and current liabilities		1,189,746	(36,518,133)	(7,517,466)
(Decrease) / Increase in provisions		(10,717,897)	3,680,218	10,863,952
Operating profit after working capital changes		**88,840,959**	**3,346,330**	**112,899,365**
Direct taxes paid (net of refunds)		(8,539,556)	20,162,417	4,644,901
Net cash generated from / (used in) operating	**(A)**	**80,301,403**	**23,508,747**	**117,544,266**
Cash flows from investing activities				
Payment towards capital expenditure		(561,165)	(3,424,820)	(3,424,820)
Net cash (used in) investing activities	**(B)**	**(561,165)**	**(3,424,820)**	**(3,424,820)**
Cash flows from financing activities				
Dividend paid		(101,199,197)	-	-
Net cash (used in) financing activities	**(C)**	**(101,199,197)**	**-**	**-**

	For nine months ended		For the year ended
	December 31, 2018 (In ₹)	December 31, 2017 (In ₹)	March 31, 2018 (In ₹)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(21,458,959)	20,083,927	114,119,446
Cash and cash equivalents at the beginning of the period / year	224,662,797	110,543,351	110,543,351
Cash and cash equivalents at the end of the period / year	**203,203,838**	**130,627,278**	**224,662,797**
Components of cash and cash equivalents			
Cash on hand	-	-	-
Balances with banks			
On current accounts	25,524,112	130,627,278	38,600,381
On short term deposits (less than three months (net of interest)	177,679,726		186,062,416
Cash and cash equivalents as per note 8	**203,203,838**	**130,627,278**	**224,662,797**

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

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

per C. K. Joshi
Partner
Membership no. 030428
Place: Pune
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Dr. Anand Deshpande
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Date : January 25, 2019

Azlin Ghazali
Director
Place: Kuala Lumpur
Date : January 25, 2019

Persistent Systems Malaysia Sdn. Bhd.

STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS ENDED DECEMBER 31, 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 December 31, 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 December 31, 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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Persistent Systems Malaysia Sdn. Bhd.
STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS ENDED DECEMBER 31, 2018

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	133,433,463	-	133,433,463
Interim Dividend	(101,199,197)		(101,199,197)
Other comprehensive income for the period	-	(2,011,557)	(2,011,557)
Balance at December 31, 2018	**266,341,236**	**(8,237,816)**	**258,103,420**

(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	69,109,602	-	69,109,602
Other comprehensive income for the period	-	18,855,686	18,855,686
Balance at December 31, 2017	**231,624,530**	**(27,419,986)**	**204,204,544**

(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
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 : January 25, 2019

Dr. Anand Deshpande
Director

Place: Pune
Date : January 25, 2019

Azlin Ghazali
Director

Place: Kuala Lumpur
Date : January 25, 2019

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

These financial statements have been prepared in accordance with Ind AS 34 Interim Financial Reporting for the quarter and nine months ended December 31, 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.

(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.

(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 December 31, 2018 (In ₹)	As at December 31, 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 December 31, 2018		As at December 31, 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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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	515,360	45,805	-	-	-	561,165
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(37,334)	239	(7,812)	(2,434)	(8,077)	(55,418)
As at December 31, 2018	**35,643,100**	**196,598**	**7,450,439**	**2,321,550**	**7,703,020**	**53,314,707**
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	1,524,410	12,413	844,981	295,542	859,605	3,536,951
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(52,138)	(290)	(17,153)	(5,388)	(17,846)	(92,815)
As at December 31, 2018	**33,078,138**	**141,186**	**7,131,871**	**1,910,832**	**7,634,858**	**49,896,885**
Net block						
As at December 31, 2018	**2,564,962**	**55,412**	**318,568**	**410,718**	**68,162**	**3,417,822**
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	2,206,786	9,733	482,188	150,249	498,533	3,347,489
As at December 31, 2017	**33,800,487**	**140,413**	**6,955,895**	**2,167,450**	**7,191,708**	**50,255,953**
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	1,707,961	16,273	1,009,458	262,667	972,157	3,968,516
Disposals	-	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	2,017,709	7,554	354,791	89,522	387,408	2,856,984
As at December 31, 2017	**29,958,158**	**117,093**	**5,621,235**	**1,422,339**	**6,073,157**	**43,191,982**
Net block						
As at December 31, 2017	**3,842,329**	**23,320**	**1,334,660**	**745,111**	**1,118,551**	**7,063,971**
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	(573)	(573)
As at December 31, 2018	**546,139**	**546,139**
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	(573)	(573)
As at December 31, 2018	**546,139**	**546,139**
Net block		
As at December 31, 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	35,345	35,345
As at December 31, 2017	**509,887**	**509,887**
Amortization		
As at April 1, 2017	457,256	457,256
Charge for the period	17,905	17,905
Reversals/ Disposals during the period	-	-
Effect of foreign currency exchange differences	34,726	34,726
As at December 31, 2017	**509,887**	**509,887**
Net block		
As at December 31, 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 nine months ended		For the year ended
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
On Property, Plant and Equipment	1,166,860	1,215,558	3,536,951	3,968,516	5,142,083
On intangible assets	-	245	-	17,905	18,183
	1,166,860	**1,215,803**	**3,536,951**	**3,986,421**	**5,160,266**

6. Non-current financial assets : Loans

	As at December 31, 2018 (In ₹)	As at December 31, 2017 (In ₹)	As at March 31, 2018 (In ₹)
Security deposits (At amortised cost)			
Unsecured, considered good	3,714,178	3,454,474	3,718,072
Unsecured, considered doubtful	-	-	-
	3,714,178	**3,454,474**	**3,718,072**
Less: Provision for doubtful deposits	-	-	-
	3,714,178	**3,454,474**	**3,718,072**

7. Trade receivables

	As at December 31, 2018 (In ₹)	As at December 31, 2017 (In ₹)	As at March 31, 2018 (In ₹)
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good	-	-	-
Unsecured, considered doubtfu	1,108,391	-	1,109,554
	1,108,391	**-**	**1,109,554**
Less : Provision for doubtful receivables	(1,108,391)	-	(1,109,554)
	-	-	-
Others			
Unsecured, considered good	33,653,510	48,868,225	50,454,779
Unsecured, considered doubtfu	-	-	-
	33,653,510	**48,868,225**	**50,454,779**
Less : Provision for doubtful receivables	-	-	-
	33,653,510	**48,868,225**	**50,454,779**
	33,653,510	**48,868,225**	**50,454,779**

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8. Cash and cash equivalents

	As at December 31, 2018 (In ₹)	As at December 31, 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	25,524,112	130,627,278	38,600,381
On deposits with original maturity of less than three months	177,246,300	-	185,881,300
Add: Interest accrued on bank deposits	433,426	-	181,116
	203,203,838	**130,627,278**	**224,662,797**

9. Current financial assets : Loans

	As at December 31, 2018 (In ₹)	As at December 31, 2017 (In ₹)	As at March 31, 2018 (In ₹)
Carried at amortised cost			
Security Deposits			
Unsecured, considered good	-	1,084,287	-
	-	**1,084,287**	**-**

10. Other current financial assets

	As at December 31, 2018 (In ₹)	As at December 31, 2017 (In ₹)	As at March 31, 2018 (In ₹)
Other advances			
(Unsecured, considered good)			
Accrued employee asset	-	2,198	-
	-	**2,198**	**-**
Unbilled revenue	113,085,966	89,206,594	60,431,993
	113,085,966	**89,206,594**	**60,431,993**
	113,085,966	**89,208,792**	**60,431,993**

11. Other current assets

	As at December 31, 2018 (In ₹)	As at December 31, 2017 (In ₹)	As at March 31, 2018 (In ₹)
Advances (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	4,695,450	4,122,999	3,205,006
Advances to suppliers (Unsecured, considered good)			
Persistent Telecom Solutions Inc.	-	7,211,779	-
Other advances (Unsecured, considered good)			
GST receivable (net)	-	-	799,840
	4,695,450	**11,334,778**	**4,004,846**

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12. Trade payables

	As at December 31, 2018 (In ₹)	As at December 31, 2017 (In ₹)	As at March 31, 2018 (In ₹)
Trade payables for goods and services	43,784,121	12,662,792	43,487,654
	43,784,121	**12,662,792**	**43,487,654**

13. Other current financial liabilities

	As at December 31, 2018 (In ₹)	As at December 31, 2017 (In ₹)	As at March 31, 2018 (In ₹)
Advance from related parties (Unsecured, considered good)			
-Persistent Systems Limited	52,709	6,407	293,088
	52,709	**6,407**	**293,088**

14. Other current liabilities

	As at December 31, 2018 (In ₹)	As at December 31, 2017 (In ₹)	As at March 31, 2018 (In ₹)
Advance from customers	-	189,121	202,779
Unearned revenue	1,503,096	852,766	249,726
SST / GST payable (net)	224,258	324,859	-
	1,727,354	**1,366,746**	**452,505**

15. Current liabilities : Provisions

	As at December 31, 2018 (In ₹)	As at December 31, 2017 (In ₹)	As at March 31, 2018 (In ₹)
Provision for employee benefits			
Other employee benefits	10,133,141	13,667,304	20,851,038
	10,133,141	**13,667,304**	**20,851,038**

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16. Revenue from operations (net)

	For the Quarter ended		For nine months ended		For the year ended
	December 31, 2018 (In ₹)	December 31, 2017 (In ₹)	December 31, 2018 (In ₹)	December 31, 2017 (In ₹)	March 31, 2018 (In ₹)
Software services	150,881,564	102,490,337	396,266,979	296,709,101	404,700,517
	150,881,564	**102,490,337**	**396,266,979**	**296,709,101**	**404,700,517**

17. Other Income

	For the Quarter ended		For nine months ended		For the year ended
	December 31, 2018 (In ₹)	December 31, 2017 (In ₹)	December 31, 2018 (In ₹)	December 31, 2017 (In ₹)	March 31, 2018 (In ₹)
Interest income					
On bank deposits	1,233,566	-	2,902,125	-	552,632
On others	-	-	-	-	12,888
Excess provision in respect of earlier years written back	-	-	-	-	3,635,452
	1,233,566	**-**	**2,902,125**	**-**	**4,200,972**

18. Personnel expenses

	For the Quarter ended		For nine months ended		For the year ended
	December 31, 2018 (In ₹)	December 31, 2017 (In ₹)	December 31, 2018 (In ₹)	December 31, 2017 (In ₹)	March 31, 2018 (In ₹)
18.1 Employee benefits expense					
Salaries, wages and bonus	37,319,489	33,558,208	100,623,305	97,443,631	132,885,387
Defined contribution to other funds	4,066,365	4,418,994	13,171,285	11,619,453	15,332,887
Staff welfare and benefits	1,585,407	1,889,549	4,844,626	5,165,146	6,635,961
	42,971,261	**39,866,751**	**118,639,216**	**114,228,230**	**154,854,235**
18.2 Cost of technical professionals					
Technical professionals - related parties	32,023,658	22,205,777	107,203,510	74,729,328	113,225,898
Technical professionals - others	-	2,269,860	-	2,269,860	3,665,866
	32,023,658	**24,475,637**	**107,203,510**	**76,999,188**	**116,891,764**
	74,994,919	**64,342,388**	**225,842,726**	**191,227,418**	**271,745,999**

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19. Other expenses

	For the Quarter ended		For nine months ended		For the year ended
	December 31, 2018 (In ₹)	December 31, 2017 (In ₹)	December 31, 2018 (In ₹)	December 31, 2017 (In ₹)	March 31, 2018 (In ₹)
Travelling and conveyance	1,103,017	809,274	5,174,648	2,629,109	4,295,329
Electricity expenses (net)	671,255	636,385	2,068,371	1,881,473	2,526,869
Internet link expenses	849,171	585,543	2,215,289	1,806,502	2,465,584
Communication expenses	114,372	104,023	323,778	384,712	496,547
Recruitment expenses	898,574	43,463	1,066,645	44,362	47,642
Training and seminars	474	621,312	141,538	718,205	198,946
Purchase of software licenses and support expenses	8,393,578	332,468	9,032,999	1,012,908	16,360,703
Provision for doubtful receivables/ (provision for doubtful receivables written	-	-	-	-	1,013,032
Rent	2,317,889	2,082,555	6,898,785	6,217,096	8,387,801
Insurance	92,580	87,979	275,009	262,344	346,365
Rates and taxes	96,137	7,249	97,278	14,560	15,326
Legal and professional fees	427,314	268,113	1,289,838	775,505	1,701,737
Repairs and maintenance	-	-			
- Plant and Machinery	874,170	894,709	2,520,853	2,556,189	3,371,387
- Building	-	-	-	-	10,028
- Others	132,142	18,500	148,838	43,420	57,903
Advertisement and sponsorship fees	446,946	31,273	514,854	91,003	122,655
Computer consumables	45,494	62,831	52,547	71,298	77,496
Auditors' remuneration	102,597	86,599	305,743	250,175	328,607
Books, memberships, subscriptions	33,816	336,892	565,147	628,632	969,064
Foreign exchange loss / (gain) (net)	1,182,108	4,810,437	1,872,554	11,564,962	14,547,592
Miscellaneous expenses	668,429	472,293	1,791,250	1,433,205	3,062,569
	18,450,063	**12,291,898**	**36,355,964**	**32,385,660**	**60,403,182**

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20. Earnings per share

		For the Quarter ended		For nine months ended		For the year ended
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
Numerator for Basic and Diluted EPS						
Net Profit after tax (In ₹)	(A)	57,503,288	24,640,248	133,433,463	69,109,602	71,592,042
Denominator for Basic EPS						
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
Denominator for Diluted EPS						
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)	**10.55**	**4.52**	**24.48**	**12.68**	**13.14**
Diluted Earnings per share of MYR 1 each (In ₹)	(A/C)	**10.55**	**4.52**	**24.48**	**12.68**	**13.14**

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21. Contingent liabilities

The Company does not have any contingent liability as on December 31, 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: January 25, 2019	Dr. Anand Deshpande Director Place: Pune Date: January 25, 2019	Azlin Ghazali Director Place: Kuala Lumpur Date: January 25, 2019
