Herald Technologies Inc

CONDENSED BALANCE SHEET AS AT MARCH 31, 2019

	Note	As at March 31, 2019 (In ₹)
ASSETS		
Non-current assets		
Property, Plant and Equipment	5	-
		-
Non-current investments		
Deferred tax assets (net)	9	2,707,592
	(A)	**2,707,592**
Current assets		
Financial assets		
-Cash and cash equivalents	6	343,243
	(B)	**343,243**
TOTAL	**(A)+(B)**	**3,050,835**
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	4	80,160
Other equity		(10,171,276)
	(A)	(10,091,116)
LIABILITIES		
Current Liabilities		
Financial liabilities		
-Trade payables	7	5,039
-Other financial liabilities	8	12,989,639
Current tax liabilities (net)		147,273
	(B)	**13,141,951**
TOTAL	**(A)+(B)**	**3,050,835**
Summary of significant accounting policies	3	

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

As per our report of even date

For Joshi Apte &Co.,
ICAI Firm registration no. 104370W
Chartered Accountants

For and on behalf of the Board of Directors of
Herald Technologies Inc.

per C.K. Joshi
Partner
Membership No.030428

Rahul Patel
Director

Thomas Klein
Director

Place: Pune
Date : April 25, 2019

Place: Santa Clara
Date : April 25, 2019

Place: Santa Clara
Date : April 25, 2019

Herald Technologies Inc

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2019

	Note	For the quarter ended March 31, 2019 (In ₹)	For the period ended March 31, 2019 (In ₹)
Income			
Revenue from operations (net)		-	-
Other income	10	65,966	65,966
Total income (A)		**65,966**	**65,966**
Expenses			
Employee benefits expense	11	13,704	4,411,723
Depreciation and amortization expense	5.1	257	82,733
Other expenses	12	68,187	8,454,042
Total expenses (B)		**82,148**	**12,948,498**
Profit/(Loss) before tax (A - B)		**(16,182)**	**(12,882,532)**
Tax expense			
Current tax		148,999	148,999
Deferred tax Charge/(Credit)		605,918	(2,739,314)
Total tax expense		**754,917**	**(2,590,315)**
Profit/(Loss) for the quarter/year (C)		**(771,099)**	**(10,292,217)**
Other comprehensive income			
Items that will not be reclassified to profit or loss (D)			
- Remeasurements of the defined benefit liabilities / (asset)		-	-
- Tax effect on remeasurements of the defined benefit liabilities / (asset)		-	-
		-	**-**
Items that will be reclassified to profit or loss (E)			
- Exchange differences in translating the financial statements of foreign operations		127,386	117,962
		127,386	**117,962**
Total comprehensive income for the quarter/year (C) + (D) + (E)		**(643,713)**	**(10,174,255)**
Earnings per equity share [nominal value of Share $ Nil]			
Basic (In ₹)	13	(674.76)	(9,006.29)
Diluted (In ₹)	13	(674.76)	(9,006.29)
Summary of significant accounting policies	3		

The accompanying notes form 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
Herald Technologies Inc.

per C.K. Joshi
Partner
Membership No.030428

Place: Pune
Date : April 25, 2019

Rahul Patel
Director

Place: Santa Clara
Date : April 25, 2019

Thomas Klein
Director

Place: Santa Clara
Date : April 25, 2019

Herald Technologies Inc

CASH FLOW FOR THE PERIOD ENDED MARCH 31, 2019

		For the period ended March 31, 2019 (In ₹)
Cash flow from operating activities		
Profit before taxation		(12,882,532)
Adjustments for:		
CTR		-
Exchange differences in translating the financial statements of foreign operations		148,224
Depreciation		82,733
Operating profit before working capital changes		(12,651,575)
Movements in working capital :		
Increase/(decrease) in trade payables, other financial liabilities and/current liabilities		12,643,953
Increase/(decrease) in provisions		-
Operating profit after working capital changes		**(7,622)**
Direct taxes paid (net of refunds)		
Net cash flow from operating activities	**A**	**(7,622)**
Cash flows from investing activities		
Net cash flow from investing activities	**B**	**-**
Cash flows from financing activities		-
Net cash flow from financing activities	**C**	**-**
Net increase in cash and cash equivalents (A + B + C)		(7,622)
Cash and cash equivalents at the beginning of the quarter/year		350,865
Cash and cash equivalents at the end of the quarter/year (Refer Note 6)		**343,243**
Bank Balances with Banks		343,243
Cash and cash equivalents		**343,243**
(Refer Note 6)		
Summary of significant accounting policies	3	

The accompanying notes form 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
Herald Technologies Inc.

per C.K. Joshi
Partner
Membership No.030428

Rahul Patel
Director

Thomas Klein
Director

Place: Pune
Date : April 25, 2019

Place: Santa Clara
Date : April 25, 2019

Place: Santa Clara
Date : April 25, 2019

Herald Technologies Inc

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2019

A. Equity share capital

(Refer Note: 4)

(In ₹)

Balance as at August 24, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
80,160	**-**	**80,160**

(This space is intentionally left blank)

Herald Technologies Inc

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2019

B. Other equity (In ₹)

Particulars	Reserves and surplus	Items of other comprehensive income	Total
	Retained earnings	*Exchange differences on translating the financial statements of foreign operations	
Balance as at August 24, 2018	2,979	-	2,979
Total Comprehensive income for the period	(10,292,217)	-	(10,292,217)
Change during the period	-	117,962	117,962
Balance at March 31, 2019	**(10,289,238)**	**117,962**	**(10,171,276)**

***Nature and purpose of reserves:**

-Foreign currency translation reserve

The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognised in other comprehensive income, net of taxes and is presented within equity in the foreign currency translation reserve.

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

As per our report of even date

For Joshi Apte &Co.,
ICAI Firm registration no. 104370W
Chartered Accountants

per C.K. Joshi
Partner
Membership No.030428

Place: Pune
Date : April 25, 2019

For and on behalf of the Board of Directors of Herald Technologies Inc.

Rahul Patel
Director

Place: Santa Clara
Date : April 25, 2019

Thomas Klein
Director

Place: Santa Clara
Date : April 25, 2019

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

1. Nature of operations

Herald Technologies Inc. (The Company) is a wholly owned subsidiary of Persistent Systems Inc. The Company is specialized in software product, services and technology innovation.

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 and are consistent with those used in previous 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 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 the U.S. Dollar

C. Use of estimates

The preparation of the condensed financial statements in conformity with Indian AS requires the management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting 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.

Further, the Company uses significant judgement while determining the transactions price allocated to performance obligation using the expected cost plus margin approach.

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially) satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc).

The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is Rs. NIL out of which NIL% is expected to be recognised as revenue in the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

ii. Income taxes

The Company's major tax jurisdictions is United States of America, 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.

v. Internally generated Intangible assets

During the period, the management continued to assess the recoverability of the company internally generated intangible assets including those under development. Based on the current revenue generated from these lines of business, expected future revenue and the basis of amortization followed, the management considers the carrying value of the these intangible assets as recoverable.

D. Property, Plant and Equipment

Property, Plant and Equipment assets are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price and any 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 fixed assets 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 increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition 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 derecognized.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

E. Intangible assets

a) Acquired intangible assets

Intangible assets including software licenses of enduring nature and acquired contractual rights acquired separately are measured on initial recognition at cost. Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangible assets, excluding capitalized development costs are reflected as expenditure in the statement of profit and loss in the reporting period in which these are incurred.

Gains or losses arising from derecognition 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 derecognized.

b) 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 and use or sell it;
- 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 capitalized expenditure is reflected as intangibles 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 commenced 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 equipments	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

Leasehold improvements are amortized over the period of lease or useful life, whichever is lower.

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. 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 net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

H. Borrowing Cost:

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangements 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 a part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

I. Financial instruments

i) Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial assets at amortized cost**

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

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

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

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

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

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

ii) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial liabilities at amortized cost**

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

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

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

iii) Impairment

i) Financial assets

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

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

ii) Non-financial assets

The carrying amounts of Property, Plant and Equipment and Goodwill are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Company estimates the asset's recoverable amount unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to 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. An impairment loss is recognised in the statement of profit and loss.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial period 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 net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

J. Revenue recognition

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 licenses and services

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.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

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, value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

ii. Interest

Income from interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head “Other income” in the statement of Profit and Loss.

iii. Dividends

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

K. Foreign currency transaction and translation

i. Initial recognition

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

ii. Conversion

The transactions are in US Dollars, 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 and investments are translated at the closing rate as at the date of the balance sheet. All other assets and 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/year.

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”.

iii. Settlement:

Revenue, 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/year in which the transaction is settled.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

L. Retirement and other employee benefits

Leave encashment

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

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of Profit and Loss in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

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

M. Income taxes

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

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

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

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

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

N. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, bank deposits and short-term investments with an original maturity of three months or less.

O. 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 on a straight-line basis over the lease term.

Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee’s incremental borrowing rate at the date of initial application or

- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the ‘Modified Retrospective Approach’ for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

The effect of adoption as on transition date would majorly result in an increase in Right of use asset approximately by ₹ NIL and an increase in lease liability approximately by ₹ NIL.

P. Earnings per share (EPS)

The earnings considered in ascertaining EPS comprise the amount attributable to Equity Shareholders. The number of shares used in computing the basic earnings per share is the weighted average number of shares outstanding during the period/year.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

Q. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

R. 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.

(This space is intentionally left blank)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

4. Share capital

	As at March 31, 2019
Authorised	
20,000,000 Common Shares at 0.0001 value each.	US$ 2000
	US$ 2000
Issued, subscribed and paid-up	
11,427,809 Common Shares at 0.0001 value paid up. (In ₹)	80,160
All shares are held by Holding Company viz. Persistent Systems Inc.	
	80,160

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

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

(This space is intentionally left blank)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

5. Property, Plant and Equipment

(In ₹)

	Computers	Furniture & fixtures	Total
Gross block			
As at August 24, 2018	**92,992**	**28,847**	**121,839**
Additions	-	-	**-**
Disposals	-	-	**-**
Effect of foreign currency translation from functional currency to reporting currency	-	-	**-**
As at March 31, 2019	**92,992**	**28,847**	**121,839**
Depreciation and amortization			
As at August 24, 2018	**24,716**	**11,361**	**36,077**
Charge for the period	65,864	16,869	**82,733**
Disposals	-	-	**-**
Effect of foreign currency translation from functional currency to reporting currency	2,412	617	**3,029**
As at March 31, 2019	**92,992**	**28,847**	**121,839**
Net block			
As at March 31, 2019	**-**	**-**	**-**
As at August 24, 2018	**68,276**	**17,486**	**85,762**

5.1 Depreciation and amortization expense

	For the quarter ended March 31, 2019	For the period ended March 31, 2019
On Property, Plant and Equipment	257	82,733
On Other intangible assets	**-**	**-**
	257	**82,733**

(This space is intentionally left blank)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

6. Cash and bank balance

	As at March 31, 2019 (In ₹)
Cash and cash equivalents as presented in cash flow statement	
Balances with banks	
On current account	343,243
	343,243

7. Trade payables

	As at March 31, 2019 (In ₹)
Trade payables for goods and services	5,039
	5,039

8. Other current financial liabilities

	As at March 31, 2019 (In ₹)
Advances from related parties (unsecured)	
-Persistent Systems Inc.	12,989,639
	12,989,639

9. Deferred tax assets

	As at March 31, 2019 (In ₹)
Deferred tax assets	
Accumulated Losses	2,696,852
Difference in depreciation as per books of US tax laws	10,740
Others	
	2,707,592

(This space is intentionally left blank)

10. Other Income

	For the quarter ended March 31, 2019 (In ₹)	For the period ended March 31, 2019 (In ₹)
Miscellaneous income	65,966	65,966
	65,966	**65,966**

11. Personnel expenses

	For the quarter ended March 31, 2019 (In ₹)	For the period ended March 31, 2019 (In ₹)
-Employee benefit expenses		
Salaries wages and bonus	13,704	4,411,723
Staff welfare and benefits	-	-
	13,704	**4,411,723**

12. Other expenses

	For the quarter ended March 31, 2019 (In ₹)	For the period ended March 31, 2019 (In ₹)
Rates and taxes	31,464	31,464
Legal and professional fees	26,064	8,390,364
Auditors' remuneration	16	5,097
Books, memberships, subscriptions	7,494	18,727
Miscellaneous expenses	3,149	8,390
	68,187	**8,454,042**

(This space is intentionally left blank)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

13. Earnings per share

Particulars		**For the quarter ended March 31, 2019**	**For the period ended March 31, 2019**
		(In ₹)	**(In ₹)**
Basic earnings per share			
Numerator			
Net Profit / (loss) after tax	A	(771,099)	(10,292,217)
Denominator			
Weighted average number of equity share	B	1,143	1,143
Basic/diluted earnings per share (Face value of US $ Nil each)	A / B	(674.76)	(9,006.29)

(This space is intentionally left blank)

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

14. The Company is considered as going concern inspite of negative net worth and inability to repay debts on time, based on assurance of continued financial support and assistance from parent company and measures implemented to control loss.

15. The Financial Statements are presented in ₹ except for per share information or as otherwise stated.

16. Corresponding period's / Previous year's comparatives:

The company is acquired on 24th Aug 2018, hence the corresponding period's / previous year's figures are not reported.

As per our report of even date

For Joshi Apte &Co.,
ICAI Firm registration no. 104370W
Chartered Accountants

For and on behalf of the Board of Directors
Herald Technologies Inc

per C.K. Joshi
Partner
Membership No.030428
Place: Pune
Date: April 25, 2019

Rahul Patel
Director

Place: Santa Clara
Date: April 25, 2019

Thomas Klein
Director

Place: Santa Clara
Date: April 25, 2019

(This space is intentionally left blank)