Parx Werk AG

CONDENSED BALANCE SHEET AS AT MARCH 31, 2019

	Notes	As at March 31, 2019 (In ₹)	Unaudited As at March 31, 2018 (In ₹)
ASSETS			
Non-current assets			
Property, Plant and Equipment	5.1	4,124,330	4,375,982
		4,124,330	4,375,982
Financial assets			
- Investments	6	2,029,848	2,003,645
- Loans	7	69,998,686	76,396,064
Deferred tax assets (net)	8	5,947,836	11,114,592
		82,100,700	**93,890,283**
Current assets			
Financial assets			
- Trade receivables	9	139,908,596	59,660,442
- Cash and cash equivalents	10	12,944,184	10,603,037
- Other current financial assets	11	44,686,360	52,320,118
Current tax assets (net)		4,719,540	-
Other current assets	12	6,578,346	9,546,209
		208,837,026	**132,129,806**
TOTAL		**290,937,726**	**226,020,089**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4	16,582,400	16,582,400
Other equity		41,811,712	26,249,646
		58,394,112	**42,832,046**
LIABILITIES			
Non- current liabilities			
Financial liabilities			
- Borrowings	13	85,002,604	-
		85,002,604	**-**
Current liabilities			
Financial liabilities			
- Trade payables	14	9,590,990	63,843,093
- Other current financial liabilities	15	15,287,437	313,059
Other current liabilities	16	84,237,573	47,926,005
Provisions	17	38,425,010	64,214,581
Current tax liabilities (net)		-	6,891,305
		147,541,010	**183,188,043**
TOTAL		**290,937,726**	**226,020,089**
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** **Parx Werk AG**	
per C.K. Joshi Partner Membership No. 030428	Sunil Sapre Director	Silvio Galfetti Director
Place: Pune Date : April 26, 2019	Place: Pune Date : April 26, 2019	Place: Zurich Date : April 26, 2019

Parx Werk AG

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

	Notes	For the quarter ended March 31, 2019 (In ₹)	Unaudited For the quarter ended March 31, 2018 (In ₹)	For year ended March 31, 2019 (In ₹)	Unaudited For the period ended March 31, 2018 (In ₹)
Income					
Revenue from operations	18	133,254,443	153,528,364	474,459,409	322,764,154
Other income	19	8,345,578	9,638,240	44,281,643	12,031,492
Total income (A)		**141,600,021**	**163,166,604**	**518,741,052**	**334,795,646**
Expenses					
Employee benefits expense	20.1	90,133,558	78,006,461	334,863,851	239,440,901
Cost of technical professionals	20.2	15,310,685	45,307,067	62,008,771	64,132,864
Finance costs		558,499	-	570,607	-
Depreciation and amortization expense	5.1	667,740	7,587,485	3,371,307	8,254,436
Other expenses	21	20,607,368	24,936,758	97,612,477	65,470,788
Total expenses (B)		**127,277,850**	**155,837,771**	**498,427,013**	**377,298,989**
Profit/(loss) before tax (A - B)		**14,322,171**	**7,328,833**	**20,314,039**	**(42,503,343)**
Tax expense					
Current tax		-	5,539,022	-	5,632,575
Tax credit in respect of earlier years		-	(5,579,235)	-	(5,632,575)
Deferred tax charge / (credit)		3,745,264	1,979,496	5,312,106	(11,114,592)
Total tax expense		**3,745,264**	**1,939,283**	**5,312,106**	**(11,114,592)**
Net profit/(loss) for the period (C)		**10,576,907**	**5,389,550**	**15,001,933**	**(31,388,751)**
Other comprehensive income					
Items that will not be reclassified to profit or loss (D)					
- Remeasurements of the defined benefit liabilities / (asset)		-	-	-	-
- Tax effect on remeasurements of the defined benefit liabilities / (asset)		-	-	-	-
		-	**-**	**-**	**-**
Items that may be reclassified to profit or loss (E)					
- Exchange differences in translating the financial statements of foreign operations		(978,558)	(2,069,496)	721,873	(3,094,979)
Total other comprehensive income for the period (D) + (E)		**(978,558)**	**(2,069,496)**	**721,873**	**(3,094,979)**
Total comprehensive income for the period (C) + (D) + (E)		**9,598,349**	**3,320,054**	**15,723,806**	**(34,483,730)**
Earnings per equity share	22				
[Nominal value of share CHF 1 (Previous period: CHF 1)]					
Basic (In ₹)		42.31	21.56	60.01	(125.56)
Diluted (In ₹)		42.31	21.56	60.01	(125.56)
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 : April 26, 2019

For and on behalf of the Board of Directors of
Parx Werk AG

Sunil Sapre
Director

Place: Pune
Date : April 26, 2019

Silvio Galfetti
Director

Place: Zurich
Date : April 26, 2019

Parx Werk AG

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

		For year ended March 31, 2019 (In ₹)	Unaudited For the period ended March 31, 2018 (In ₹)
Cash flow from operating activities			
Profit/loss before tax		**20,314,039**	**(42,503,343)**
Adjustments for:			
Interest income			
Finance cost		570,607	-
Dividend income			
Depreciation and amortization expense		3,371,307	8,254,436
Interest income		(1,799,748)	(1,875,627)
Excess provision written back		(42,286,371)	(2,058,730)
Unrealised exchange (gain)/ loss (net)		(7,938,718)	3,119,616
Currency translation reserve		560,134	(3,094,979)
Exchange (gain)/ loss on translation of foreign currency cash and cash equivalents		745,015	-
Operating profit before working capital changes		**(26,463,735)**	**(38,158,627)**
Movements in working capital :			
(Increase)/Decrease in trade receivables		(82,714,650)	1,608,736
(Increase)/ Decrease in other current assets (including financial assets)		16,872,288	(74,310,886)
Increase/(Decrease) in trade payables and current liabilities		24,201,420	59,808,227
Increase/(Decrease) in provisions		(25,789,571)	(57,166,848)
Operating profit after working capital changes		**(93,894,248)**	**(108,219,398)**
Direct taxes paid (net of refunds)		(11,260,988)	(5,632,575)
Net cash generated/ (used in) from operating activities	**(A)**	**(105,155,236)**	**(113,851,973)**
Cash flows from investing activities			
Payment towards capital expenditure		(3,062,428)	(4,763,314)
Proceeds from sale of fixed assets			
Advance given to related party		(4,470,782)	
Inter corporate deposits refunded		101,685,902	-
Inter corporate deposits given		(85,462,085)	-
Inter corporate deposits received		99,639,634	-
Net cash (used in) investing activities	**(B)**	**108,330,241**	**(4,763,314)**
Cash flows from financing activities			
Interest paid on overdraft		(88,843)	1,875,627
Net cash (used in) financing activities	**(C)**	**(88,843)**	**1,875,627**

	For year ended March 31, 2019 (In ₹)	Unaudited For the period ended March 31, 2018 (In ₹)
Net (Decrease)/ increase in cash and cash equivalents (A + B + C)	3,086,162	(116,739,660)
Cash and cash equivalents at the beginning of the period	10,603,037	-
Cash acquired on acquisition	-	127,342,697
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(745,015)	-
Cash and cash equivalents at the end of the period	**12,944,184**	**10,603,037**
Components of cash and cash equivalents		
Balances with banks		
On current accounts	12,944,184	10,603,037
Cash and cash equivalents as per note 10	**12,944,184**	**10,603,037**

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.
ICAI Firm registration no. 104370W
Chartered Accountants

For and on behalf of the Board of Directors of
Parx Werk AG

per C.K. Joshi
Partner
Membership No.030428

Place: Pune
Date : April 26, 2019

Sunil Sapre
Director

Place: Pune
Date : April 26, 2019

Silvio Galfetti
Director

Place: Zurich
Date : April 26, 2019

Parx Werk AG

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

A. Equity share capital (refer note 4)

(In ₹)

Balance as at April 01, 2018	Changes in equity share capital during the period	Balance as at March 31, 2019
16,582,400	-	16,582,400

Unaudited

(In ₹)

Balance as at August 01, 2017	Changes in equity share capital during the period	Balance as at March 31, 2018
16,582,400	-	16,582,400

Parx Werk AG

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

B. Other equity

(In ₹)

Particulars	Reserves and surplus	Items of other comprehensive income	Total
	Retained earnings	Foreign currency translation reserve	
Balance as at April 1, 2018	29,344,625	(3,094,979)	26,249,646
On acquisition	-	-	-
Change during the period	15,001,933	721,873	15,723,806
Others	(161,740)	-	(161,740)
Balance at March 31, 2019	**44,184,818**	**(2,373,106)**	**41,811,712**

Unaudited
(In ₹)

Particulars	Reserves and surplus	Items of other comprehensive income	Total
	Retained earnings	Foreign currency translation reserve	
Balance as at August 1, 2017	-	-	-
On acquisition	60,733,376	-	60,733,376
Change during the year	(31,388,751)	(3,094,979)	(34,483,730)
Balance at March 31, 2018	**29,344,625**	**(3,094,979)**	**26,249,646**

Nature and purpose of reserves

a) 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 and is presented under equity in the foreign currency translation reserve.

The accompanying notes are 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 26, 2019

For and on behalf of the Board of Directors of
Parx Werk AG

Sunil Sapre
Director

Place: Pune
Date : April 26, 2019

Silvio Galfetti
Director

Place: Zurich
Date : April 26, 2019

Notes forming part of condensed financial statements

1. Nature of operations

Parx Werk AG is a Company incorporated in Switzerland. The Company is engaged in providing services based on the Salesforce.com platforms. The Company was acquired by Persistent Systems Germany GmbH by virtue of Share purchase agreement.

2. Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention. Historical cost is generally based on the fair value of consideration given in exchange of goods and services. The accounting policies are consistently applied by the Company during the year 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

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as “Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. These financial statements have been prepared in accordance with Ind AS 34 Interim Financial Reporting for the quarter and year ended March 31, 2019 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 January 01 to December 31.

(b) Functional currency

The Company’s functional currency is CHF.

(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 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 transaction price allocated to performance obligations using the expected cost plus margin approach.

In respect of the contracts where the transaction price is payable as royalty at pre-defined percentage of customer revenue and bearing in mind, the time gap between the close of the accounting period and availability of the revenue report from the customer, the Company is required to use its judgement to ascertain the income from royalty on the basis of historical trends of customer revenue

ii. 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.

iii. Income Taxes

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

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 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 equipments	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 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. 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 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 year they occur.

Amendment to Ind AS 23 Borrowing costs: The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact related to this amendment.

(j) Leases

Where the Company is a lessee

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

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

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

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

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 ₹ 67,854,470/- and an increase in lease liability approximately by ₹ 68,432,064/-.

(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 sale of 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 value added taxes (VAT) on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is 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.

(iv) Foreign currency translation

(i) Foreign currency transactions and balances

Initial recognition

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

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

Exchange differences

Exchange differences arising on conversion / settlement of foreign currency monetary items and on foreign currency liabilities relating to Property, Plant and Equipment acquisition are recognized as income or expenses in the year in which they arise.

Forward exchange contracts not intended for trading or speculation purposes, classified as derivative financial instruments

As per the accounting principles laid down in Ind AS 109 – “Financial Instruments” relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss / (gain) is debited / (credited) to the hedge reserve under other comprehensive income and the ineffective portion is recognized to the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized in hedge reserve under other comprehensive income is transferred to the statement of profit and loss when the forecasted transaction occurs or affects profit or loss or when a hedged transaction is no longer expected to occur.

Translation of foreign operations

The Company presents the financial statements in INR which is the functional currency of the Company.

The assets and liabilities of a foreign operation are translated into the reporting currency (INR) at the exchange rate prevailing at the reporting date.

(l) 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 the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

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

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

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

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

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

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.
The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019.
The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.
The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

Amendment to Ind AS 12 – Income taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, ‘Income Taxes’, in connection with accounting for dividend distribution taxes.
The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.
Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

(m) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the 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 year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the 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.

(n) 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.

(o) 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.

(p) 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 March 31, 2019	Unaudited As at March 31, 2018
Authorized shares		
250,000 equity shares of CHF 1 each	CHF 250,000	CHF 250,000
	CHF 250,000	**CHF 250,000**
Issued, subscribed and fully paid-up shares		
250,000 equity shares of CHF 1 each	16,582,400	16,582,400
Issued, subscribed and fully paid-up share capital	**16,582,400**	**16,582,400**

All the shares are held by Persistent Systems Germany GmBH.

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

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

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of CHF 1 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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Parx Werk AG

Notes forming part of condensed financial statements

5.1 Property, Plant and Equipment

(In ₹)

	Computers	Plant and equipment	Furniture and fixtures	Total
Gross block (At cost)				
As at April 01, 2018	16,217,083	1,254,754	9,398,589	26,870,426
Additions	2,006,190	154,142	902,096	3,062,428
- Exchange differences	212,078	16,410	122,909	351,397
As at March 31, 2019	**18,435,351**	**1,425,306**	**10,423,594**	**30,284,251**
Depreciation and amortization				
As at April 01, 2018	12,751,414	1,177,629	8,565,401	22,494,444
Charge for the year	2,964,715	34,022	372,570	3,371,307
- Exchange differences	166,756	15,400	112,014	294,170
As at March 31, 2019	**15,882,885**	**1,227,051**	**9,049,985**	**26,159,921**
Net block				
As at March 31, 2019	**2,552,466**	**198,255**	**1,373,609**	**4,124,330**
As at March 31, 2018	**3,465,669**	**77,125**	**833,188**	**4,375,982**

Unaudited

(In ₹)

	Computers	Plant and equipment	Furniture and fixtures	Total
Gross block (At cost)				
As at August 1, 2017	11,615,968	1,137,603	8,903,983	21,657,554
Additions	4,222,442	80,066	204,342	4,506,850
- Exchange differences	378,673	37,085	290,264	706,022
As at March 31, 2018	**16,217,083**	**1,254,754**	**9,398,589**	**26,870,426**
Depreciation and amortization				
As at August 1, 2017	7,769,487	799,685	5,221,276	13,790,448
Charge for the year	4,728,647	351,874	3,173,915	8,254,436
- Exchange differences	253,280	26,070	170,210	449,560
As at March 31, 2018	**12,751,414**	**1,177,629**	**8,565,401**	**22,494,444**
Net block				
As at March 31, 2018	**3,465,669**	**77,125**	**833,188**	**4,375,982**

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

6. Non-current assets - Investments

	As at March 31, 2019 (In ₹)	Unaudited As at March 31, 2018 (In ₹)
Investments carried at cost		
Unquoted investments		
Investments in equity instruments		
- In wholly owned subsidiary companies		
Parx Consulting GmbH	2,029,848	2,003,645
25,000 Shares (100% held by the company) of EUR 1 each		
Less:- Provision for diminution in value of investment	-	-
	2,029,848	**2,003,645**

7. Non-current assets: Loans

	As at March 31, 2019 (In ₹)	Unaudited As at March 31, 2018 (In ₹)
Loan to related parties		
- Parx Consulting GmbH	67,555,046	89,121,110
Less: Provision for doubtful loan	-	15,136,710
	67,555,046	73,984,400
Security deposit	2,443,640	2,411,664
	69,998,686	**76,396,064**

8. Deferred Tax Assets (Net)

	As at March 31, 2019 (In ₹)	Unaudited As at March 31, 2018 (In ₹)
Deferred Tax Assets		
On carried forward losses	5,947,836	11,114,592
	5,947,836	**11,114,592**

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Notes forming part of condensed financial statements

9. Trade receivables

	As at March 31, 2019 (In ₹)	Unaudited As at March 31, 2018 (In ₹)
Outstanding for a period more than six months from the date they are due for payment		
Unsecured, considered good	27,844,171	-
Unsecured, considered doubtful	119,504	11,369,655
	27,963,675	**11,369,655**
Less : Provision for doubtful receivables	119,504	11,369,655
	27,844,171	**-**
Others		
Unsecured, considered good	112,064,425	59,660,442
Unsecured, considered doubtful	-	-
	112,064,425	**59,660,442**
Less : Provision for doubtful receivables	-	-
	112,064,425	**59,660,442**
	139,908,596	**59,660,442**

10. Cash and cash equivalents

	As at March 31, 2019 (In ₹)	Unaudited As at March 31, 2018 (In ₹)
Cash and cash equivalents as presented in cash flow statement		
Cash on hand	102,233	116,513
Balances with banks		
On current accounts	12,841,951	10,486,524
	12,944,184	**10,603,037**

11. Other current financial assets

	As at March 31, 2019 (In ₹)	Unaudited As at March 31, 2018 (In ₹)
Interest accrued on loan to related party	1,799,885	-
Advance to related parties (Unsecured, considered good)		
- Parx Consulting GmbH	4,470,782	-
Unbilled revenue	38,415,693	52,320,118
	44,686,360	**52,320,118**

12. Other current assets

	As at March 31, 2019 (In ₹)	Unaudited As at March 31, 2018 (In ₹)
Advances recoverable in cash or kind or for value to be received	6,578,346	9,546,209
	6,578,346	**9,546,209**

Parx Werk AG

Notes forming part of condensed financial statements

13. Long term Borrowings

	As at March 31, 2019 (In ₹)	Unaudited As at March 31, 2018 (In ₹)
Intercorporate deposit		
-Persistent Systems France SAS	85,002,604	-
(repayment terms: after 36 months)		
(rate of interest: 6 months EURIBOR + 200 basis points)		
	85,002,604	**-**

14. Trade payables

	As at March 31, 2019 (In ₹)	Unaudited As at March 31, 2018 (In ₹)
Trade payables for goods and services	9,590,990	63,843,093
	9,590,990	**63,843,093**

15. Other current financial liabilities

	As at March 31, 2019 (In ₹)	Unaudited As at March 31, 2018 (In ₹)
Accrued employee liabilities	168,643	313,059
Interest on intercorporate deposit		
Persistent Systems France SAS	481,764	-
Advance from related parties (Unsecured, considered good)		
Persistent Systems Germany GmBH	14,637,030	-
	15,287,437	**313,059**

16. Other current liabilities

	As at March 31, 2019 (In ₹)	Unaudited As at March 31, 2018 (In ₹)
Unearned revenue	32,941,026	30,110,026
Other payables		
- Statutory liabilities	40,606,863	9,718,635
- Vat payable (net)	9,932,676	7,350,108
- Other liabilities	757,008	747,236
	84,237,573	**47,926,005**

17. Current Liabilities: Provisions

	As at March 31, 2019 (In ₹)	Unaudited As at March 31, 2018 (In ₹)
Provision for employee benefits		
- Leave encashment	9,999,752	8,393,682
- Other employee benefit provisions	28,425,258	55,820,899
	38,425,010	**64,214,581**

18. Revenue from operations

	For the quarter ended March 31, 2019 (In ₹)	Unaudited For the quarter ended March 31, 2018 (In ₹)	For year ended March 31, 2019 (In ₹)	Unaudited For the period ended March 31, 2018 (In ₹)
Software services	133,254,443	153,528,364	474,459,409	322,764,154
	133,254,443	**153,528,364**	**474,459,409**	**322,764,154**

19. Other income

	For the quarter ended March 31, 2019 (In ₹)	Unaudited For the quarter ended March 31, 2018 (In ₹)	For year ended March 31, 2019 (In ₹)	Unaudited For the period ended March 31, 2018 (In ₹)
Interest income				
On others	550,519	1,875,627	1,799,748	1,875,627
Foreign exchange gain (net)	-	5,669,834	-	7,941,008
Excess provision in respect of earlier periods/ years written back	7,599,535	2,058,730	42,286,371	2,058,730
Miscellaneous income	195,524	34,049	195,524	156,127
	8,345,578	**9,638,240**	**44,281,643**	**12,031,492**

20. Personnel expenses

	For the quarter ended March 31, 2019 (In ₹)	Unaudited For the quarter ended March 31, 2018 (In ₹)	For year ended March 31, 2019 (In ₹)	Unaudited For the period ended March 31, 2018 (In ₹)
20.1. Employee benefits expense				
Salaries, wages and bonus	81,309,462	62,312,999	288,278,024	218,379,608
Contribution to provident and other funds	5,250,578	4,216,005	20,214,620	9,323,542
Staff welfare and benefits	3,573,518	11,477,457	26,371,207	11,737,751
	90,133,558	**78,006,461**	**334,863,851**	**239,440,901**
20.2 Cost of technical professionals				
Technical professionals - related parties	3,794,117	6,858,334	17,820,522	6,858,334
Technical professionals - others	11,516,568	38,448,733	44,188,249	57,274,530
	15,310,685	**45,307,067**	**62,008,771**	**64,132,864**
	105,444,243	**123,313,528**	**396,872,622**	**303,573,765**

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Parx Werk AG

Notes forming part of condensed financial statements

21. Other expenses

	For the quarter ended March 31, 2019 (In ₹)	Unaudited For the quarter ended March 31, 2018 (In ₹)	For year ended March 31, 2019 (In ₹)	Unaudited For the period ended March 31, 2018 (In ₹)
Travelling and conveyance	4,171,293	5,521,610	17,734,352	15,370,868
Electricity expenses (net)	217,682	77,958	602,093	257,992
Internet link expenses	273,145	1,036,945	2,131,390	1,558,704
Communication expenses	739,335	636,602	3,523,961	1,919,042
Recruitment expenses	197,484	2,288,082	776,629	2,288,082
Training and seminars	123,960	619,882	3,572,152	619,882
Purchase of software licenses and support expenses	4,747,878	7,011,063	16,869,651	10,821,450
Bad debts	-	3,424,595	-	3,424,595
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	3,761	-	(166,738)	-
Rent	4,698,137	3,204,424	16,761,418	8,095,431
Insurance	405,721	363,394	1,789,566	906,619
Rates and taxes	5,763	202,329	59,069	202,329
Legal and professional fees	2,142,711	2,074,750	16,548,459	6,859,299
Repairs and maintenance	-			
- Plant and Machinery	48,159	(3,023,862)	491,313	249,404
- Others	46,872	818,099	(53,216)	129,557
Commission on sales to other than sole selling agents	-	(6,914,391)	-	-
Advertisement and sponsorship fees	1,006,517	1,390,283	5,735,881	4,138,950
Computer consumables	1,376	-	(61,012)	-
Auditors' remuneration	(284,662)	(34,832)	544,346	1,180,458
Donations	104,081	-	104,081	-
Books, memberships, subscriptions	13,853	15,019	128,484	34,164
Foreign exchange loss (net)	1,203,447	-	4,056,429	-
Miscellaneous expenses	740,855	6,224,808	6,464,169	7,413,962
	20,607,368	**24,936,758**	**97,612,477**	**65,470,788**

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22. Earnings per share

		For the quarter ended March 31, 2019	Unaudited For the quarter ended March 31, 2018	For year ended March 31, 2019	Unaudited For the period ended March 31, 2018
Numerator for Basic and Diluted EPS					
Net Profit after tax (In ₹)	(A)	10,576,907	5,389,550	15,001,933	(31,388,751)
Denominator for Basic EPS					
Weighted average number of equity shares	(B)	250,000	250,000	250,000	250,000
Denominator for Diluted EPS					
Number of equity shares	(C)	250,000	250,000	250,000	250,000
Basic Earnings per share of face value of CHF 1 each (In ₹)	(A/B)	42.31	21.56	60.01	(125.56)
Diluted Earnings per share of face value of CHF 1 each (In ₹)	(A/C)	42.31	21.56	60.01	(125.56)

	For the quarter ended March 31, 2019	For the quarter ended March 31, 2018	For year ended March 31, 2019	For the period ended March 31, 2018
Number of shares considered as basic weighted average shares outstanding	250,000	250,000	250,000	250,000
Add: Effect of dilutive issues of stock options	-	-	-	-
Number of shares considered as weighted average shares and potential shares outstanding	**250,000**	**250,000**	**250,000**	**250,000**

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23. Contingent liabilities

The Company does not have any contingent liabilities as at March 31, 2019. (Previous year - ₹ Nil)

24. Capital Commitments

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

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

26. Previous year's figures have been regrouped where necessary to conform to current period's classification.

27. Company is in the process of regularizing the documentation with customers required for revenue recognition on accrual basis, currently revenue recognition is confirmed on the basis of realization from customer, continued services and email communication with customers.

28. The comparative figures for the period ended March 31, 2018 are unaudited and regrouped where necessary.

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: April 26, 2019

For and on behalf of the Board of Directors of
Parx Werk AG

Sunil Sapre
Director

Place: Pune
Date: April 26, 2019

Silvio Galfetti
Director

Place: Zurich
Date: April 26, 2019