Persistent Systems Malaysia Sdn. Bhd.

BALANCE SHEET AS AT MARCH 31, 2014

	Note	As at March 31, 2014 (In ₹)
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	1	74,875,848
Reserves and surplus	2	4,976,476
	(A)	**79,852,324**
Current liabilities		
Deferred tax liabilities	3	652,861
Short-term borrowings	4	19,275,037
Trade payables	5	7,221,709
Short-term provisions	6	16,079,778
	(B)	**43,229,385**
TOTAL	**(A)+(B)**	**123,081,709**
ASSETS		
Non current assets		
Fixed assets		
-Tangible Assets	7.1	37,974,441
-Intangible Assets	7.2	370,398
-Capital work in progress		96,454
		38,441,293
Long term loans and advances	8	3,833,475
	(A)	**42,274,768**
Current assets		
Trade receivables	9	67,183,081
Cash and bank balances	10	11,747,085
Short-term loans and advances	11	1,876,775
	(B)	**80,806,941**
TOTAL	**(A)+(B)**	**123,081,709**
Summary of significant accounting policies	17	

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

As per our report of even date

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

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

per C.K. Joshi
Partner
Membership No. 030428
Place: Pune
Date : April 18, 2014

Dr. Anand Deshpande
Director
Place: Pune
Date : April 18, 2014

Rohit Kamat
Director
Place: Pune
Date : April 18, 2014

Persistent Systems Malaysia Sdn. Bhd.

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2014

	Note	For the period ended March 31, 2014 (In ₹)
Income		
Revenue from operations	12	69,629,177
Total revenue (A)		**69,629,177**
Expenses		
Employee benefit expense	13.1	45,122,146
Cost of technical professionals	13.2	2,387,666
Other expenses	14	10,764,775
Depreciation and amortization expense	7.3	4,048,053
Total expense (B)		**62,322,640**
Profit / (loss) before tax (A - B)		**7,306,537**
Tax expense		
Current tax		59,026
Deferred tax charge		676,410
Total tax expense		**735,436**
Profit / (loss) after tax		**6,571,101**
Earnings per equity share	21	
[nominal value of share MYR 1]		
Basic (in ₹)		6.44
Diluted (in ₹)		6.44
Summary of significant accounting policies	17	

The accompanying notes are an integral part of the 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 18, 2014

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

Dr. Anand Deshpande
Director
Place: Pune
Date : April 18, 2014

Rohit Kamat
Director
Place: Pune
Date : April 18, 2014

Persistent Systems Malaysia Sdn. Bhd.

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2014

		For the period ended March 31, 2014 (In ₹)
Cash flow from operating activities		
Profit before tax		**7,306,537**
Adjustments for:		
Depreciation and amortisation		4,048,053
Foreign currency translation reserve		(563,603)
Operating profit before working capital changes		**10,790,987**
Movements in working capital :		
(Increase)/ Decrease in trade receivables		(67,183,081)
Decrease / (Increase) in loans and advances		(5,710,250)
Increase / (Decrease) in current liabilities		1,769,857
Increase / (Decrease) in provisions		16,022,807
Operating profit after working capital changes		**(44,309,680)**
Direct taxes paid (net of refunds)		-
Net cash (used in) operating activities	**(A)**	**(44,309,680)**
Cash flow from investing activities		
Cash outflow for fixed assets		(18,819,083)
Net cash (used in) investing activities	**(B)**	**(18,819,083)**
Cash flow from financing activities		
Proceeds from issuance of share capital		74,875,848
Net cash generated from financing activities	**(C)**	**74,875,848**
Net increase in cash and cash equivalents **(A + B + C)**		**11,747,085**
Cash and cash equivalents at the beginning of the reporting period		-
Cash and cash equivalents at the end of the reporting period		**11,747,085**
(refer note 10)		

Components of cash and cash equivalents as at	**March 31, 2014**
Cash on hand	28,220
Balances with banks	
- on current account	11,718,865
Cash and cash equivalents in cash flow statement as per note 10	**11,747,085**

Summary of significant accounting policies (refer note 17)

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 18, 2014

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

Dr. Anand Deshpande
Director
Place: Pune
Date : April 18, 2014

Rohit Kamat
Director
Place: Pune
Date : April 18, 2014

Persistent Systems Malaysia Sdn. Bhd.

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Share capital

	As at March 31, 2014 (In ₹)
Authorised	
4,000,000 Equity shares of 1 MYR each	MYR 4,000,000
	MYR 4,000,000
Issued, subscribed and paid-up	
4,000,000 Equity shares of 1 MYR each fully paid	74,875,848
All Shares are held by the Holding Company viz : Persistent Systems Limited.	
	74,875,848

2. Reserves and surplus

		As at March 31, 2014 (In ₹)
A. Foreign currency translation reserve		
Exchange difference during the reporting period on net investment in non-integral foreign operation		(1,594,625)
	(A)	(1,594,625)
B. Profit and (loss) account		
Profit / (loss) after tax for the reporting period		6,571,101
	(B)	**6,571,101**
	(A+B)	**4,976,476**

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NOTES FORMING PART OF FINANCIAL STATEMENTS

3. Deferred tax liabilities

	As at March 31, 2014 (In ₹)
Deferred tax liabilities	
-Difference in depreciation / amortization and other differences in block of tangible and intangible assets as per tax books and financial books	652,861
	652,861

4. Short term borrowings

	As at March 31, 2014 (In ₹)
Unsecured	
Loans and advances from related parties (Refer note 20)	
-Persistent Systems Limited	19,275,037
	19,275,037

5. Trade payables

	As at March 31, 2014 (In ₹)
Trade payables	7,221,709
	7,221,709

6. Short-term provisions

	As at March 31, 2014 (In ₹)
Provision for employee benefits	
-Other employee benefits	16,022,807
Others	
- Provision for Income tax (net of advance tax)	56,971
	16,079,778

Persistent Systems Malaysia Sdn. Bhd.

NOTES FORMING PART OF FINANCIAL STATEMENTS

7.1 Tangible Assets

(In ₹)

	Computers	Office equipments	Plant & Machinery	Leasehold Improvements	Furniture & Fixtures	Total
Gross Block						
Additions*	25,780,459	132,806	6,362,431	2,515,676	8,223,974	43,015,346
Disposals	-		-		-	-
Other Adjustments						
- Exchange differences	(691,757)	(3,623)	(181,308)	(74,635)	(234,929)	(1,186,252)
As at March 31, 2014	**25,088,702**	**129,183**	**6,181,123**	**2,441,041**	**7,989,045**	**41,829,094**
Depreciation						
charge for the period	3,223,733	15,407	288,026	78,488	388,042	3,993,696
Disposals	-		-		-	-
Other Adjustments						
- Exchange differences	(112,236)	(536)	(10,028)	(2,733)	(13,510)	(139,043)
As at March 31, 2014	**3,111,497**	**14,871**	**277,998**	**75,755**	**374,532**	**3,854,653**
Net Block						
As at March 31, 2014	**21,977,205**	**114,312**	**5,903,125**	**2,365,286**	**7,614,513**	**37,974,441**

* includes purchased from related party (refer note 20)

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Persistent Systems Malaysia Sdn. Bhd.

NOTES FORMING PART OF FINANCIAL STATEMENTS

7.2 Intangible Assets

		(In ₹)
	Software	**Total**
Gross Block		
Additions*	434,147	434,147
Disposals	-	-
Other Adjustments		
- Exchange differences	(11,284)	(11,284)
As at March 31, 2014	**422,863**	**422,863**
Amortization		
charge for the period	54,357	54,357
Disposals	-	-
Other Adjustments		
- Exchange differences	(1,892)	(1,892)
As at March 31, 2014	**52,465**	**52,465**
Net Block		
As at March 31, 2014	**370,398**	**370,398**

* includes purchased from related party (refer note 20)

7.3 Depreciation and amortization	**(In ₹)**
	For the period ended March 31, 2014
On tangible assets	3,993,696
On intangible assets	54,357
	4,048,053

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Persistent Systems Malaysia Sdn. Bhd.

NOTES FORMING PART OF FINANCIAL STATEMENTS

8. Long term loans and advances

	As at March 31, 2014 (In ₹)
Security deposit (Unsecured, considered good)	3,833,475
	3,833,475

9. Trade receivables

	As at March 31, 2014 (In ₹)
Outstanding for a period exceeding six months from the date they are due for payment	-
Others	
- Unsecured Considered good*	67,183,081
	67,183,081

* includes receivables from related party (refer note 20)

10. Cash and bank balances

	As at March 31, 2014 (In ₹)
Cash and cash equivalents as presented in cash flow statement	
Balances with banks	
-On current accounts	11,718,865
-Cash on hand	28,220
	11,747,085

11. Short-term loans and advances

	As at March 31, 2014 (In ₹)
Other loans and advances (Unsecured, considered good)	
Advances recoverable in cash or kind or for value to be received	1,876,775
	1,876,775

NOTES FORMING PART OF FINANCIAL STATEMENTS

12. Revenue from operations

	For the period ended March 31, 2014 (In ₹)
Sale of software services (net)	69,629,177
	69,629,177

13. Personnel expenses

	For the period ended March 31, 2014 (In ₹)
13.1 Employee benefit expenses	
Salaries and wages	38,399,499
Defined contribution to other funds	4,348,131
Staff welfare and benefits	2,374,516
	45,122,146
13.2 Cost of technical professionals	
Technical professionals - others	2,387,666
	2,387,666
	47,509,812

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Persistent Systems Malaysia Sdn. Bhd.

NOTES FORMING PART OF FINANCIAL STATEMENTS

14. Other expenses

	For the period ended March 31, 2014 (In ₹)
Travelling and conveyance	1,778,270
Electricity expenses	921,068
Communication expenses	54,252
Recruitment expenses	82,121
Training and seminars	99,010
Insurance	27,152
Rent (refer note 23)	3,676,288
Rates, fees and profession tax	194,236
Legal and professional fees	1,122,508
Repairs and maintenance	
-Plant and Machinery	355,740
-Building	245,109
- Others	789,732
Foreign exchange loss (net)	22,716
Computer consumables	9,101
Auditors' remuneration (refer note 22)	415,732
Miscellaneous expenses	971,740
	10,764,775

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15. Nature of operations

Persistent Systems Malaysia Sdn. Bhd. is a Malaysia based wholly owned subsidiary of Persistent Systems Ltd. The Company is specializing in software products, services and technology innovation. It is engaged in development of software in the network monitoring space which enables the network administrators to optimize their networks, and telecom service providers to maximize their return on investments. The Company has been incorporated on 17th September 2013 and the operations have commenced from 1st January 2014.

16. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (the Indian GAAP) to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and with the relevant provisions of the Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013, issued by the Ministry of Corporate Affairs, in respect of section 133 of the Companies Act, 2013. These financial statements have been prepared under the historical cost convention on an accrual basis.

17. Summary of significant accounting policies

(a) Accounting year

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

(b) Functional currency

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

(c) Use of estimates

The preparation of the financial statements in conformity with the Indian GAAP 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. 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.

(d) Tangible fixed assets

Tangible 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 fixed asset 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 fixed assets 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.

(e) Intangible assets

(i) Acquired Intangible assets

Intangible assets including software licenses of enduring nature and 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.

(ii) 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

(i) On tangible fixed assets

Depreciation is provided using the Straight Line Method ('SLM') as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher.
A comparative statement of rates of depreciation followed by the Company and applicable rates as per the Schedule XIV of the Companies Act, 1956 is as below:

Assets *	Rates (SLM)	Rates as per Schedule XIV (SLM)
Computers	33.33%	16.21%
Plant and machinery	20.00%	4.75%
Office Equipment	20.00%	4.75%
Furniture and fixtures	20.00%	6.33%

*Individual assets whose cost does not exceed ₹ 5,000 are fully depreciated in the year of acquisition

Leasehold land is amortized on straight line basis over the period of lease. Leasehold improvements are amortized on a straight line basis over the period of the lease.

(ii) On Intangible assets

Intangible assets are amortized on a straight line basis over the period of expected future economic benefits i.e. over their estimated useful lives. A comparative statement of rates of amortization followed by the Company and applicable rates as per the Schedule XIV of the Companies Act, 1956 is as below:

Assets*	Rates (SLM)	Rates as per Schedule XIV (SLM)
Software / Acquired contractual rights	16.66% to 33.33%	16.21%

*Individual assets whose cost does not exceed ₹ 5,000 are fully amortized in the year of acquisition

(g) Impairment of tangible and 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) 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.

(i) Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value, determined on category of investment basis. Long-term investments presented as non-current investments are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary decline, in the value of investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(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 products and services

Revenue from time and material engagements is recognized on time basis in accordance with the terms of the contracts with customers.

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

Revenue from licensing of products is recognized on delivery of products.

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

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

Unbilled revenue represents revenue recognized in relation to work done on time and material projects and fixed price projects 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 services tax (GST) 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 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 by the reporting date. Dividend income is included under the head 'Other income' in the statement of profit and loss.

(k) Foreign currency translation

(i) Foreign currency transactions and balances

Initial recognition

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

Conversion

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

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

Settlement

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

(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 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 Malaysian Income tax Act, 1967. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current reporting period and reversal of timing differences of earlier reporting periods. 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 timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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) 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 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.

(o) 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 not discounted to its present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(p) 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.

(q) Cash and cash equivalents

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

18. Contingent Liability

The Company does not have any contingent liability as on March 31, 2014.

19. Directors' Remuneration

Remuneration paid to Executive and Non-Executive Directors is ₹ NIL.

20. Related party transactions

I. Names of related parties

Holding Company:-
Persistent Systems Ltd.

II. Related party transaction

(Amount in ₹)

Nature of the Transaction	**Name of the related party**	**Nature of relationship**	**For the period ended March 31, 2014**
Income			
Revenue from services rendered	Persistent Systems Limited	Holding company	66,280,737
Purchase of fixed assets	Persistent Systems Limited	Holding company	24,726,889
Short term borrowings			
Advance taken	Persistent Systems Limited	Holding company	19,275,037

III. Related party balances

(**Amount in ₹)**

Particulars	**Name of the related party**	**Relationship with the related party**	**As at**
			March 31, 2014
Short term loans and advances received	Persistent Systems Limited	Holding company	19,275,037
Trade receivable	Persistent Systems Limited	Holding company	63,973,143

21. Calculation of earnings per share

(Amount in ₹)

Particular		**For the period ended March 31, 2014**
Basic and diluted Earnings per share		
Basic and diluted Earnings per share (After exceptional and prior period Items)		
Numerator Net Profit / (loss) after tax and after exceptional items	**A**	6,571,101
Denominator Weighted average number of ordinary shares	**B**	1,020,415
Basic and diluted Earnings per share (Face Value of MYR 1 each)	**A/B**	**6.44**

22. Auditor's remuneration

(Amount in ₹)

Particulars	**For the period ended March 31, 2014**
Statutory audit fees	415,732
Total	**4,15,732**

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23. Operating Leases

The company has taken office premises on lease under cancellable operating lease arrangements. Further, the company has also taken certain office premises under non-cancellable operating lease agreement for a period of 3 years. The escalations during non-cancellable lease period have been accounted for on straight line basis. There are no restrictions imposed by the lease agreements. There are no subleases. The company has an option to renew the lease agreements at the end of the lease period.

Maximum obligation on long term non-cancellable operating lease payable as per the rentals stated in the agreement and the lease rentals recognized on cancellable and non-cancellable leases is as follows:

(Amount in ₹)

Particulars	**For the period ended March 31, 2014**
Lease rentals during the reporting period	
-On cancellable lease	36,177
-On non-cancellable lease	3,640,111
Total	**3,676,288**
Obligation on non-cancellable operating lease	
-Not later than one year	12,480,373
-Later than one year and not later than five years	21,320,659
-Later than five years	-

24. Previous period /year comparatives

The company has been incorporated as on 17th September 2013 and operations have commenced from 1st January 2014. Hence previous year / period numbers are not available.

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 18, 2014

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

Dr. Anand Deshpande
Director

Place: Pune
Date: April 18, 2014

Rohit Kamat
Director

Place: Pune
Date: April 18, 2014