Persistent

NSE & BSE / 2022-23 / 15

April 27, 2022

The Manager
Corporate Services,
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai 400 051

Ref: Symbol: PERSISTENT

The Manager
Corporate Services,
Bombay Stock Exchange Limited
14th Floor, P J Towers, Dalal Street,
Mumbai 400 001

Ref: Scrip Code: 533179

Dear Sir/Madam,

Sub: Audited Financial Statements for the quarter and year ended March 31, 2022

We wish to inform you that the Board of Directors at its meeting held on April 26, 2022, and continued on April 27, 2022, has approved the Audited Financial Statements for the quarter and year ended March 31, 2022.

Accordingly, please find enclosed the following documents:

1. Audited Consolidated Financial Statements for the quarter and year ended March 31, 2022;

2. Audited Unconsolidated Financial Statements for the quarter and year ended March 31, 2022.

Please acknowledge the receipt.

Thanking you,

Yours Sincerely,
For **Persistent Systems Limited**

AMIT MURARI ATRE
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Date: 2022.04.27 23:40:50 +05'30'

Amit Atre
Company Secretary
ICSI Membership No.: A20507

Encl: As above

Walker Chandiok & Co LLP
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Independent Auditor's Report on the Audit of the Condensed Interim Consolidated Financial Statements for the quarter and year ended 31 March 2022

To the Members of Persistent Systems Limited

Opinion

1. We have audited the accompanying condensed interim consolidated financial statements of **Persistent Systems Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associate, as listed in Annexure 1, which comprise the Condensed Consolidated Balance Sheet as at **31 March 2022**, the Condensed Interim Consolidated Statement of Profit and Loss (including Other Comprehensive Income) for the quarter and year then ended, the Condensed Consolidated Statement of Cash Flows and the Condensed Consolidated Statement of Changes in Equity for the year ended 31 March 2022, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate condensed interim financial statements of the subsidiaries, the aforesaid condensed interim consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in accordance with Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34') specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended), and other generally accepted accounting principles in India, of the consolidated state of affairs of the Group and its associate as at 31 March 2022, and its consolidated profit (including other comprehensive income) for the quarter and year then ended, its consolidated cash flows and the consolidated changes in equity for the year ended 31 March 2022.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the condensed interim consolidated financial statements' section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the condensed interim consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 11 of the Other Matters section below is sufficient and appropriate to provide a basis for our opinion.

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

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Responsibilities of Management and Those Charged with Governance for the Condensed Interim Consolidated Financial Statements

4. The accompanying condensed interim consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these condensed interim consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group and its associate in accordance with Ind AS 34 specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other generally accepted accounting principles in India. The respective Board of Directors of the companies included in the Group and its associate, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the condensed interim consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

5. In preparing the condensed interim consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

6. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate.

Auditor's Responsibilities for the Audit of the Condensed Interim Consolidated Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the condensed interim consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed interim consolidated financial statements.

8. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed interim consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the condensed interim consolidated financial statements, including the disclosures, and whether the condensed interim consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the condensed interim consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the condensed interim consolidated financial statements of such entities included in the condensed interim consolidated financial statements, of which we are the independent auditors. For the other entities included in the condensed interim consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

11. We did not audit the condensed interim financial statements of 22 subsidiaries, whose condensed interim financial statements (before eliminating intercompany balances/transactions) reflect total assets of 5,579.46 million and net assets of 2,075.59 as at 31 March 2022, total revenues of 1,454.59 million and 5,782.68 million for quarter and year ended on that date and net cash inflows amounting to 312.85 million for the year ended 31 March 2022, as considered in the condensed interim consolidated financial statements whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the condensed interim consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

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Our opinion above on the condensed interim consolidated financial statements, is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

The Statement includes the consolidated financial results for the quarter ended 31 March 2022 being the balancing figures between the audited consolidated figures in respect of the full financial year and the published audited year-to-date consolidated figures up to the third quarter of the current financial year, which were subject to audit by us

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 22:39:18 +05'30'

Shashi Tadwalkar
Partner
Membership No:101797

UDIN:22101797AHXPFB7947

Place: Pune
Date: 27 April 2022

Chartered Accountants

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Annexure 1

List of entities included

Sr. No.	Name of Entity	Relationship
1	Persistent Systems Limited (PSL)	Holding Company
2	Persistent Systems, Inc. (PSI)	Wholly owned subsidiary of PSL
3	Persistent Systems Pte Ltd.	Wholly owned subsidiary of PSL
4	Persistent Systems France SAS	Wholly owned subsidiary of PSL
5	Persistent Systems Malaysia Sdn. Bhd.	Wholly owned subsidiary of PSL
6	Persistent Systems Germany GmbH (PSGG)	Wholly owned subsidiary of PSL
7	Persistent Telecom Solutions Inc.	Wholly owned subsidiary of PSI
8	Aepona Group Limited (AGL)	Wholly owned subsidiary of PSI
9	Aepona Limited	Wholly owned subsidiary of AGL
10	Youperience GmbH (YGmbH)	Wholly owned subsidiary of PSGG
11	Youperience Limited	Wholly owned subsidiary of YGmbH
12	Persistent Systems Lanka (Private) Limited	Wholly owned subsidiary of AGL
13	Persistent Systems Mexico, S.A. de C.V.	Wholly owned subsidiary of PSI
14	Persistent Systems Israel Ltd	Wholly owned subsidiary of PSI
15	PARX Werk AG	Wholly owned subsidiary of PSGG
16	PARX Consulting GmbH	Wholly owned subsidiary of PARX Werk AG
17	Capiot Software Private Limited	Wholly owned subsidiary of PSL
18	Capiot Software Inc. (Capiot US)	Wholly owned subsidiary of PSI
19	Capiot Software Pty Limited	Wholly owned subsidiary of Capiot US
20	Capiot Software Pte Limited	Wholly owned subsidiary of Capiot US
21	Persistent Systems S.R.L.	Wholly owned subsidiary of PSI
22	Software Corporation International (Acquired w.e.f. 5 October 2021)	Wholly owned subsidiary of PSI
23	SCI Fusion360 LLC (Acquired w.e.f. 5 October 2021)	Wholly owned subsidiary of PSI
24	Data Glove IT Solutions Limitada (Acquired w.e.f. March 1, 2022)	Wholly owned subsidiary of PSGG
25	Klisma e-Services Private Limited (Dissolved w.e.f. 10 August 2021)	Associate company of PSL

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Persistent Systems Limited

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022

	Notes	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
ASSETS			
Non-current assets			
Property, plant and equipment	6.1	2,917.67	2,401.40
Capital work-in-progress		1,071.20	121.81
Right of use assets	6.2	1,358.21	852.58
Goodwill	6.3	2,790.22	85.94
Other Intangible assets	6.4	8,269.63	1,229.50
		16,406.93	**4,691.23**
Financial assets			
- Investments	7	3,877.72	3,621.27
- Loans	8	3,522.00	-
- Other non-current financial assets	9	340.74	160.52
Deferred tax assets (net)	10	1,122.72	1,037.57
Other non-current assets	11	531.61	441.52
		25,801.72	**9,952.11**
Current assets			
Financial assets			
- Investments	12	4,346.91	6,374.95
- Trade receivables (net)	13	9,484.29	5,708.97
- Cash and cash equivalents	14	2,977.99	2,419.30
- Bank balances other than cash and cash equivalents	15	6,166.59	7,389.70
- Loans	16	16.10	21.79
- Other current financial assets	17	3,214.90	2,516.70
Current tax assets (net)		179.57	188.00
Other current assets	18	1,952.90	2,083.72
		28,339.25	**26,703.13**
TOTAL		**54,140.97**	**36,655.24**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	5	764.25	764.25
Other equity		32,917.95	27,192.41
		33,682.20	**27,956.66**
LIABILITIES			
Non- current liabilities			
Financial liabilities			
- Lease liabilities	20	1,114.29	716.17
- Borrowings	19	2,800.79	44.27
- Other financial liabilities	23	2,088.60	-
Provisions	21	245.54	240.94
		6,249.22	**1,001.38**
Current liabilities			
Financial liabilities			
- Lease liabilities	20	342.58	222.00
- Trade payables	22		
- Dues of micro and small enterprises		10.30	30.20
- Dues of creditors other than micro and small enterprises		4,288.41	2,703.24
-Borrowings		1,524.56	1.96
- Other financial liabilities	23	2,173.60	388.21
Other current liabilities	24	1,571.72	1,514.95
Provisions	25	3,949.66	2,477.79
Current tax liabilities (net)		348.72	358.85
		14,209.55	**7,697.20**
TOTAL		**54,140.97**	**36,655.24**
Summary of significant accounting policies	4		

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR
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Date: 2022.04.27 22:39:43 +05'30'

Shashi Tadwalkar
Partner

Membership No. :- 101797

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra
Sandeep Kalra (Apr 27, 2022 19:31 GMT+5.5)

Anand Deshpande

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune Date : April 27, 2022	Place: Pune Date : April 27, 2022	Place: Pune Date : April 27, 2022

Sunil Sapre
Sunil Sapre (Apr 27, 2022 18:30 GMT+5.5)

Amit Atre
Amit Atre (Apr 27, 2022 18:05 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune Date : April 27, 2022	Place: Pune Date : April 27, 2022

Persistent Systems Limited

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2022

	Notes	For the quarter ended		For the year ended	
		March 31, 2022 In ₹ Million	March 31, 2021 In ₹ Million	March 31, 2022 In ₹ Million	March 31, 2021 In ₹ Million
Income					
Revenue from operations (net)	26	16,378.54	11,133.58	57,107.46	41,878.88
Other income	27	420.73	400.36	1,439.55	1,077.72
Total income (A)		**16,799.27**	**11,533.94**	**58,547.01**	**42,956.60**
Expenses					
Employee benefits expense	28.1	10,073.67	6,853.90	34,593.10	25,157.99
Cost of professionals	28.2	2,139.15	1,543.13	7,974.18	5,563.68
Finance costs (refer note 37)		49.29	15.83	118.35	57.94
Depreciation and amortization expense	6.5	511.35	419.05	1,660.12	1,755.50
Other expenses	29	1,353.98	853.25	4,958.47	4,327.06
Total expenses (B)		**14,127.44**	**9,685.16**	**49,304.22**	**36,862.17**
Profit before tax (A - B)		**2,671.83**	**1,848.78**	**9,242.79**	**6,094.43**
Tax expense					
Current tax		601.27	495.67	2,322.85	1,774.01
Tax charge/ (credit) in respect of earlier periods/ years		40.87	3.68	42.57	10.58
Deferred tax (credit)/ charge		19.79	(28.16)	(26.49)	(196.93)
Total tax expense		**661.93**	**471.19**	**2,338.93**	**1,587.66**
Net profit for the period/ year (C)		**2,009.90**	**1,377.59**	**6,903.86**	**4,506.77**
Other comprehensive income					
Items that will not be reclassified to profit and loss (D)					
- Remeasurements of the defined benefit liabilities / asset (net of tax)		(93.39)	24.52	(183.87)	10.25
		(93.39)	**24.52**	**(183.87)**	**10.25**
Items that may be reclassified to profit and loss (E)					
- Effective portion of cash flow hedge (net of tax)		(64.57)	(53.45)	(97.65)	383.54
- Exchange differences in translating the financial statements of foreign operations		(194.88)	120.35	138.96	(20.07)
		(259.45)	**66.90**	**41.31**	**363.47**
Total other comprehensive income for the period/ year (D) + (E)		**(352.84)**	**91.42**	**(142.56)**	**373.72**
Total comprehensive income for the period/ year (C) + (D) + (E)		**1,657.06**	**1,469.01**	**6,761.30**	**4,880.49**
Earnings per equity share [Nominal value of share ₹10 (Corresponding period/ Previous year: ₹10)]	30				
Basic (In ₹)		26.30	18.03	90.34	58.97
Diluted (In ₹)		26.30	18.03	90.34	58.97
Summary of significant accounting policies	4				

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 22:39:59 +05'30'

Shashi Tadwalkar

Partner
Membership No. :- 101797

Place: Pune
Date : April 27, 2022

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra
Sandeep Kalra (Apr 27, 2022 19:31 GMT+5.5)

Anand Deshpande

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune	Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022	Date : April 27, 2022

Sunil Sapre
Sunil Sapre (Apr 27, 2022 18:30 GMT+5.5)

Amit Atre
Amit Atre (Apr 27, 2022 18:05 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022

Place: Pune
Date : April 27, 2022

Persistent Systems Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

		For the year ended	
		March 31, 2022 In ₹ Million	March 31, 2021 In ₹ Million
Cash flow from operating activities			
Profit before tax		**9,242.79**	**6,094.43**
Adjustments for:			
Interest income		(600.22)	(558.70)
Finance costs		118.35	57.94
Depreciation and amortization expense		1,660.12	1,755.50
Unrealised exchange loss/ (gain) (net)		(25.92)	139.55
Change in foreign currency translation reserve		305.64	(42.32)
Exchange loss / (gain) on derivative contracts		79.38	(169.80)
Exchange loss on translation of foreign currency cash and cash equivalents		1.70	11.50
Bad debts		65.27	90.30
Change in provision for expected credit loss (net)		(105.06)	31.32
Employee stock compensation expenses		950.23	290.44
Loss / Impairment of non current investments		148.40	18.53
Remeasurements of the defined benefit liabilities / asset (before tax effects)		(183.87)	10.25
Impairment of loan		-	23.96
Excess provision in respect of earlier years/period (written back)		(66.00)	(41.79)
Profit on sale/ fair valuation of financial assets designated as FVTPL		(354.30)	(346.74)
Profit on sale of property, plant and equipment (net)		(12.45)	(1.34)
Operating profit before working capital changes		**11,224.06**	**7,363.03**
Movements in working capital :			
Increase in non-current and current loans		5.69	(40.03)
Increase in other non current assets		(147.89)	(76.81)
Increase in other current financial assets		(869.22)	(104.23)
Decrease in other current assets		146.71	58.26
(Increase)/ Decrease in trade receivables		(3,508.56)	58.49
Increase in trade payables, current liabilities and non current liabilities		2,489.72	757.56
Increase in provisions		1,476.47	924.95
Operating profit after working capital changes		**10,816.98**	**8,941.22**
Direct taxes paid (net of refunds)		(2,367.12)	(1,581.97)
Net cash generated from operating activities	**(A)**	**8,449.86**	**7,359.25**
Cash flows from investing activities			
Payment towards capital expenditure (including intangible assets, capital advances and capital creditors)		(3,853.97)	(1,281.04)
Proceeds from sale of property, plant and equipment		46.02	30.02
Acquisition of step-down subsidiary including cash and cash equivalents: ₹ 61.07 (Previous year ₹ 30.90 million)		(6,154.02)	(448.47)
Purchase of bonds		(711.90)	(712.18)
Proceeds from sale/ maturity of bonds		499.95	350.53
Investments in mutual funds		(33,456.80)	(24,591.91)
Proceeds from sale / maturity of mutual funds		35,762.24	25,068.92
Maturity / (Investments) of bank deposits having original maturity over three months		1,121.92	(4,198.89)
Investments in deposits with financial institutions		(100.00)	-
Investment in common / preferred stocks		(123.61)	-
Loan to ESOP Trust		(3,522.00)	-
Interest received		718.74	366.29
Net cash used in investing activities	**(B)**	**(9,773.43)**	**(5,416.73)**
Cash flows from financing activities			
Repayment of long term borrowings		(1.84)	(4.54)
Net proceeds from long term borrowings		4,280.99	-
Payment of lease liabilities		(350.83)	(319.11)
Specific project related grant received		-	9.00
Interest paid		(118.38)	(58.01)
Dividends paid		(1,987.05)	(1,069.95)
Net cash generated from /(used in) financing activities	**(C)**	**1,822.89**	**(1,442.61)**

Persistent Systems Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

	For the year ended	
	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million
Net increase in cash and cash equivalents (A + B + C)	499.32	499.91
Cash and cash equivalents at the beginning of the period/year	2,419.30	1,899.99
Cash and cash equivalents acquired on acquisition	61.07	30.90
Effect of exchange difference on translation of foreign currency cash and cash equivalents	(1.70)	(11.50)
Cash and cash equivalents at the end of the period / year	**2,977.99**	**2,419.30**
Components of cash and cash equivalents		
Cash on hand (refer note 14)	0.24	0.41
Balances with banks		
On current accounts # (refer note 14)	2,337.96	1,583.20
On saving accounts (refer note 14)	1.64	1.33
On exchange earner's foreign currency accounts (refer note 14)	259.20	208.57
On deposit accounts with original maturity less than three months (refer note 14)	-	625.79
On Escrow accounts** (refer note 14)	378.95	-
Cash and cash equivalents	**2,977.99**	**2,419.30**

Out of the cash and cash equivalent balance as at March 31, 2022, the Group can utilise ₹ 35.75 Million (Previous year: ₹ 154.39 Million) only towards certain predefined activities specified in the agreement.

** The balance maintained in Escrow account will be released to selling shareholders on meeting specific conditions.

Summary of significant accounting policies - refer note 4

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 22:40:15 +05'30'

Shashi Tadwalkar
Partner

Membership No. :- 101797

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra
Sandeep Kalra (Apr 27, 2022 19:31 GMT+5.5)

Anand Deshpande

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune	Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022	Date : April 27, 2022

Sunil Sapre
Sunil Sapre (Apr 27, 2022 18:30 GMT+5.5)

Amit Atre
Amit Atre (Apr 27, 2022 18:05 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022

Place: Pune
Date : April 27, 2022

Persistent Systems Limited

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

A. Share capital
(refer note 5)

(In ₹ Million)

Balance as at April 1, 2021	Changes in equity share capital during the period	Balance as at March 31, 2022
764.25	-	764.25

(In ₹ Million)

Balance as at April 1, 2020	Changes in equity share capital during the year	Balance as at March 31, 2021
764.25	-	764.25

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Persistent Systems Limited

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus						Items of other comprehensive income		Total
	General reserve	Share options outstanding reserve	Gain on bargain purchase	Capital redemption reserve	Special economic zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2021	14,356.53	470.70	57.31	35.75	-	11,564.42	139.45	568.25	27,192.41
Net profit for the period	-	-	-	-	-	6,903.86	-	-	6,903.86
Other comprehensive income for the period	-	-	-	-	-	(183.87)	(97.65)	138.96	(142.56)
Dividend	-	-	-	-	-	(1,987.05)	-	-	(1,987.05)
Transfer to general reserve	3,020.30	(276.84)	-	-	-	(2,743.46)	-	-	-
Employee stock compensation expenses	-	950.23	-	-	-	-	-	-	950.23
Other changes during the period	(0.18)	0.75	0.49	-	-	-	-	-	1.06
Balance at March 31, 2022	**17,376.65**	**1,144.84**	**57.80**	**35.75**	**-**	**13,553.90**	**41.80**	**707.21**	**32,917.95**

(In ₹ Million)

Particulars	Reserves and surplus						Items of other comprehensive income		Total
	General reserve	Share options outstanding reserve	Gain on bargain purchase	Capital redemption reserve	Special economic zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2020	12,227.41	290.51	57.71	35.75	49.95	10,087.74	(244.09)	588.32	23,093.30
Net profit for the period	-	-	-	-	-	4,506.77	-	-	4,506.77
Other comprehensive income for the year	-	-	-	-	-	10.25	383.54	(20.07)	373.72
Interim dividend	-	-	-	-	-	(1,069.95)	-	-	(1,069.95)
Transfer to retained earnings	-	-	-	-	(49.95)	49.95	-	-	-
Transfer to general reserve	2,020.34	-	-	-	-	(2,020.34)	-	-	-
Adjustments towards employees stock options	108.78	(108.78)	-	-	-	-	-	-	-
Employee stock compensation expenses	-	290.44	-	-	-	-	-	-	290.44
Other changes during the year	-	(1.47)	(0.40)	-	-	-	-	-	(1.87)
Balance at March 31, 2021	**14,356.53**	**470.70**	**57.31**	**35.75**	**-**	**11,564.42**	**139.45**	**568.25**	**27,192.41**

Summary of significant accounting policies - refer note 4

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 22:40:35 +05'30'

Shashi Tadwalkar
Partner

Membership No. :- 101797

Place: Pune
Date : April 27, 2022

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra
Sandeep Kalra (Apr 27, 2022 19:31 GMT+5.5)

Anand Deshpande

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune	Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022	Date : April 27, 2022

Sunil Sapre
Sunil Sapre (Apr 27, 2022 18:30 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022

Amit Atre
Amit Atre (Apr 27, 2022 18:05 GMT+5.5)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

Nature and purpose of reserves

a) General reserve

General reserve represents amounts transferred from profit/loss for the year and the amounts from Share options outstanding reserve to the extent they relate to exercise / expiry of employee share options. It is a free reserve in terms of section 2 (43) of the Companies Act, 2013.

b) Share options outstanding reserve

Share options outstanding reserve represents the cumulative expense recognized for equity-settled transactions at each reporting date until the employee share options are exercised / expired upon which such amount is transferred to General reserve.

c) Gain on bargain purchase

The excess of the Group's portion of equity of the acquired company over its cost is treated as gain on bargain purchase in the condensed interim consolidated financial statements.

d) Capital redemption reserve

Capital redemption reserve represents the nominal value of the shares bought back; and is created and utilised in accordance with Section 69 of the Companies Act, 2013.

e) Special economic zone re-investment reserve

The Special economic zone re-investment reserve is created out of the profit in accordance with the provisions of Section 10AA(1)(ii) of the Income tax Act, 1961. The reserve had been entirely utilised by the Group for acquiring new plant and machinery for the purpose of its business in accordance with Section 10AA(2) of the Income tax Act, 1961.

f) Cash flow hedge reserve

When a derivative is designated as cashflow hedging instrument, the effective portion of changes in the fair value of derivative is recognised in Other comprehensive income (OCI) and accumulated in cashflow hedge reserve.
Cumulative gains or losses previously recognised in cashflow hedge reserve are recognised in the statement of profit and loss in the period in which such transaction occurs / hedging instruments are settled/ cancelled.

g) Foreign currency translation reserve

The foreign 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 amount is transferred to retained earnings upon disposal of investment in foreign operation.

1 Nature of operations

Persistent Systems Limited (the "Parent Company" or "PSL") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a global Company specializing in software products, services and technology innovation. The Company offers complete product life cycle services.

Persistent Systems, Inc. (PSI) based in the USA, a wholly owned subsidiary of PSL, is engaged in software product, services and technology innovation.

Persistent Systems Pte. Ltd. (PS Pte.) based in Singapore, a wholly owned subsidiary of PSL, is engaged in software development, professional and marketing services.

Persistent Systems France SAS (PSFS) based in France, a wholly owned subsidiary of PSL, is engaged in software products, services and technology innovation

Persistent Telecom Solutions, Inc. (PTSI) based in the USA, a wholly owned subsidiary of Persistent Systems, Inc., is engaged in software products, services and technology innovation in telecom and Product Lifecycle Management domains.

Persistent Systems Malaysia Sdn. Bhd. (PSM) based in Malaysia, a wholly owned subsidiary of PSL, is engaged in software products and services.

Aepona Group Limited, an Ireland based wholly owned subsidiary of Persistent Systems, Inc. (previously owned by Aepona Holdings Limited) operates as the holding Company of Aepona Limited.

Aepona Limited (a UK based wholly owned subsidiary of Aepona Group Limited) is engaged in the business of a telecommunication API gateway for defining, exposing, controlling and monetizing telecom services to partners and application developers and an Internet of Things service creation platform that allows enterprises to add a service layer (or "business logic") to the basic APIs exposed to by connected devices, and to expose and monetize these APIs. Also, it has acquired a new Microsoft business unit with expertise in Microsoft technologies, including Azure, business applications, workplace modernization, and Data and AI.

Persistent Systems Lanka (Private) Limited (a Sri Lanka based wholly owned subsidiary of Aepona Group Limited) has adopted indirect sales model, with services revenue being billed to Aepona Limited. Sale of services are then contracted between Aepona Limited and customers.

Persistent Systems Mexico, S.A. de C.V (a Mexico based wholly owned subsidiary of Persistent Systems Inc.) has adopted indirect sales model, with services revenue being billed to Persistent Systems Inc. Sale of services are then contracted between Persistent Systems Inc. and customers.

Persistent Systems Israel Ltd. (an Israel based wholly owned subsidiary of Persistent Systems Inc.) has adopted indirect sales model, with services revenue being billed to Persistent Systems Inc. Sale of services are then contracted between Persistent Systems Inc. and customers.

Persistent Systems Germany GmbH (wholly owned subsidiary of Persistent Systems Limited) operates as the holding Company of PARX Werk AG, Youperience GmbH and Data Glove IT Solutions Limitada.

PARX Werk AG (a Switzerland based wholly owned subsidiary of Persistent Systems Germany GmbH) is engaged in the business of software products, services and technology innovation in the digital practice.

PARX Consulting GmbH (a Germany based wholly owned subsidiary of PARX Werk AG) is engaged in the business of software products, services and technology innovation in the digital practice.

Data Glove IT Solutions Limitada (a Costa Rica based wholly owned subsidiary of Persistent Systems Germany GmbH) is a leading Microsoft technology solutions provider in verticals including Azure, business applications, workplace modernization, and Data and AI.

Youperience GmbH (a Germany based wholly owned subsidiary of Persistent Systems Germany GmbH) is engaged in Salesforce related implementation services.

Youperience Limited (a United Kingdom based wholly owned subsidiary of Youperience GmbH) is engaged in Salesforce related implementation services.

CAPIOT Software Private Limited (a India based wholly owned subsidiary of Persistent Systems Limited) is engaged in enterprise integration and modernization with expertise in MuleSoft, Red Hat and TIBCO.

CAPIOT Software Inc (a US based wholly owned subsidiary of Persistent Systems Inc) is engaged in enterprise and data integration services across platforms.

CAPIOT Software Pty Limited (a Australia based wholly owned subsidiary of CAPIOT Software Inc) is engaged in enterprise and data integration services across platforms. Further, it has acquired a new Microsoft business unit with expertise in Microsoft technologies, including Azure, business applications, workplace modernization, and Data and AI.

CAPIOT Software Pte Limited (a Singapore based wholly owned subsidiary of CAPIOT Software Inc) is engaged in enterprise and data integration services across platforms.

Persistent Systems SRL is a subsidiary of Persistent Systems Inc. and is incorporated on March 23, 2021.

Software Corporation International (a US based wholly owned subsidiary of Persistent Systems Inc) is specialized in payment solutions, integration, and support services for BFSI clients.

SCI Fusion360 LLC (a US based wholly owned subsidiary of Persistent Systems Inc) provides application development, maintenance, and support for leading payment platforms.

Klisma e-Services Private Limited was engaged in the business of internet, telecommunications, mobile technology and other media enabling electronic commerce. The Company has been dissolved w.e.f. August 10, 2021.

Notes forming part of condensed interim consolidated financial statements

2 Basis of preparation

2.1 Historical cost convention

The condensed interim consolidated financial statements of the Group have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments and equity settled employee stock options which have been measured at fair value. 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 Group 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.

These condensed interim financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) including Indian Accounting Standard (Ind AS) 34 Interim Financial Reporting, as prescribed by Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 and guidelines issued by the Securities and Exchange Board of India (SEBI). These condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements under the applicable financial reporting framework.

2.2 Compliance with Ind AS

These condensed interim consolidated financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

2.3 New and amended standards adopted by the Group

The Group has applied the following amendment to Ind AS for the first time in it's annual reporting period commencing 1 April 2021:

-Extension of COVID-19 related concessions - amendments to Ind AS 116

-Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods

2.4 New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

2.5 Reclassifications consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24 March 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from 1 April 2021.

Consequent to above, the Group has changed the classification/presentation of (i) current maturities of long-term borrowings (ii) security deposits, in the current year.

The current maturities of long-term borrowings (including interest accrued) has now been included in the "Current borrowings" line item. Previously, current maturities of long-term borrowings and interest accrued were included in 'other financial liabilities' line item.

Further, security deposits (which meet the definition of a financial asset as per Ind AS 32) have been included in 'other financial assets' line item. Previously, these deposits were included in 'loans' line item.

The Group has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1. The impact of such classifications is summarised below:

Balance Sheet (extract)	March 31, 2021 (Previously Reported)	Increase / (Decrease)	March 31, 2021 (Restated)
Non-current assets			
Loans	134.76	(134.76)	-
Other non-current financial assets	25.76	134.76	160.52
Current assets			
Loans	71.26	(49.47)	21.79
Other current financial assets	2,467.23	49.47	2,516.70
Current liabilities			
Other financial liabilities	390.17	(1.96)	388.21
Borrowings	-	1.96	1.96

3 Principles of consolidation

The condensed interim consolidated financial statements of the Parent Company and its subsidiaries ("the Group") for the year ended March 31, 2022 are prepared in accordance with generally accepted accounting principles applicable in India, and the Indian Accounting Standard 110 (Ind AS 110) on 'condensed interim consolidated financial statements', notified by Companies (Accounting Standards) Rules, 2015, ("Indian Accounting Standards") by and to the extent possible in the same format as that adopted by the Parent Company for its separate financial statements.

The Parent Company consolidates entities which it owns or controls. The condensed interim consolidated financial statements comprise the financial statements of the company and its subsidiaries as disclosed below. Control exists when the parent company has power over the entity, is exposed or has rights to variable returns from its involvement with the entity; and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Parent Company and its subsidiary companies have been combined on line by line basis by adding together the book values of like items of assets and liabilities, income and expenses after eliminating intra group balances and intra group transactions except where cost cannot be recovered. The unrealized profits or losses resulting from the intra group transactions and balances have been eliminated.

The excess of the cost to the Company of its investment in a subsidiary and the Company's portion of equity of subsidiary on the date at which investment in the subsidiary is made, is described as goodwill and recognized separately as an asset in the condensed interim consolidated financial statements. The excess of the Company's portion of equity of the acquired company over its cost is treated as gain on bargain purchase in the financial statements. Goodwill arising on consolidation is not amortized. It is tested for impairment on a periodic basis and written off if found impaired.

The condensed interim consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the condensed interim consolidated financial statements. The condensed interim consolidated financial statements are presented in the same manner as the Parent Company's separate financial statements.

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Parent Company.

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Persistent Systems Limited

Notes forming part of condensed interim consolidated financial statements

The subsidiary and associate companies considered in condensed interim consolidated financial statements are as follows:

Name of the subsidiary/ associate	Ownership Percentage as at		Country of incorporation
	31-Mar-22	31-Mar-21	
Persistent Systems, Inc.	100%	100%	USA
Persistent Systems Pte Ltd.	100%	100%	Singapore
Persistent Systems France SAS	100%	100%	France
Persistent Telecom Solutions Inc.	100%	100%	USA
Persistent Systems Malaysia Sdn. Bhd.	100%	100%	Malaysia
Aepona Group Limited	100%	100%	Ireland
Aepona Limited	100%	100%	UK
Persistent Systems Lanka (Private) Limited	100%	100%	Sri Lanka
Persistent Systems Mexico, S.A. de C.V.	100%	100%	Mexico
Persistent Systems Israel Ltd.	100%	100%	Israel
Persistent Systems Germany GmbH	100%	100%	Germany
PARX Werk AG	100%	100%	Switzerland
PARX Consulting GmbH	100%	100%	Germany
Youperience GmbH	100%	100%	Germany
Youperience Limited	100%	100%	United Kingdom
CAPIOT Software Private Limited (Acquired w.e.f. October 29, 2020)	100%	100%	India
CAPIOT Software Inc. (Acquired w.e.f. November 7, 2020)	100%	100%	USA
CAPIOT Software Pty Limited (Acquired w.e.f. November 7, 2020)	100%	100%	Australia
CAPIOT Software Pte Limited (Acquired w.e.f. November 7, 2020)	100%	100%	Singapore
Persistent Systems S.R.L. (Incorporated on March 23, 2021)	100%	100%	Italy
Software Corporation International (Acquired w.e.f October 5, 2021)	100%	-	USA
SCI Fusion360 LLC (Acquired w.e.f October 5, 2021)	100%	-	USA
Data Glove IT Solutions Limitada (Acquired w.e.f. March 1, 2022)	100%	-	Costa Rica
Klisma e-Services India Pvt. Ltd. (Dissolved w.e.f August 10, 2021)	-	50%	India

4 Critical accounting estimates

4.1 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed appropriately. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

4.2 Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Group has considered all possible impacts of COVID-19 in the preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition owing to changes in cost budgets of fixed price contracts, impact on leases, impact on effectiveness of its hedges and impact on the recoverable amount of goodwill. The Group has carried out this assessment based on available internal and external sources of information up to the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements owing to the nature and duration of COVID-19.

4.3 Critical accounting estimates

a) Revenue recognition

The Group's contracts with customers include promises to transfer multiple products and services to a customer. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgment.

Revenue from fixed price maintenance type contracts is recognized rateably on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period. Revenue from fixed-price maintenance type contract is recognised ratably using a percentage-of-completion method when the pattern of benefits from the services rendered to the customer and the Group's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of a method to recognise such revenues requires judgment and is based on the promises in the contract and nature of the deliverables.

The Group uses the percentage-of-completion method in accounting for its other fixed-price contracts. Use of the percentage-of-completion method requires the Group 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 Group 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 revenue share 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 Group is required to use its judgement to ascertain the income from revenue share on the basis of historical trends of customer revenue.

b) Income taxes

The Group's two major tax jurisdictions are India and the United States, though the Group also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

Management evaluates if the deferred tax assets will be realised in future considering the historical taxable income, scheduled reversals of deferred tax liabilities, projected future taxable income and tax-planning strategies. While the Management believes that the Group will realise the deferred tax assets, the amount of deferred tax asset realisable, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

c) Business combination

Business combinations are accounted for using Ind AS 103, Business Combinations, which requires the the acquirer to recognise the identifiable intangible assets and contingent consideration at fair value. Estimates are required to be made in determining the value of contingent consideration, value of option arrangements and intangible assets. These valuations are conducted by external valuation experts. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by the Management.

d) Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. 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 Group'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.

e) Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease periods relating to the existing lease contracts.

Persistent Systems Limited

Notes forming part of condensed interim consolidated financial statements

Summary of significant accounting policies

a) Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Group's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013 (the "Act"). Operating cycle is the time between the acquisition of resources / assets for processing their realisation in cash and cash equivalents. and Based on the nature of products/ services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months.

b) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use and is stated at cost. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use, cost of replacing part of the property, plant and equipment, cost of asset retirement obligations and borrowing costs for long term construction projects if the recognition criteria are met. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its original cost only if it is probable that future economic benefits associated with the item will flow to the Group. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period 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.

c) Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. 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 Group 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.

d) 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:

	Useful lives
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Plant and equipment (Solar Energy System) *	10 years
Furniture and fixtures*	5 years
Vehicles*	5 years

*For these classes of assets, based on a technical evaluation, the management believes that the useful lives as given above best represent the period over which the management expects to

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

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

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Intangible assets are amortized on a straight-line basis over their estimated useful lives ranging from 3 to 7 years from the day the asset is made available for use.

Depreciation methods, useful lives and residual values are reviewed periodically.

e) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

f) Leases

The Group assesses at the inception of contract whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:
(i) the contract involves the use of an identified asset
(ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
(iii) the Group has the right to direct the use of the asset

Where the Group is a lessee

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate.

The lease payments shall include fixed payments, variable lease payments based on an index or rate, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or statement of profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease expenses associated with these leases are recognized in the statement of profit and loss on a straight line basis.

Group as a lessor

At the inception of the lease, the Group classifies each of its leases as either an operating lease or a finance lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Group recognises lease payments received under operating leases as income over the lease term on a straight line basis.

g) Impairment of Non-financial assets

The Group asesses at each reporting date, if there is any indication of impairment based on internal/external factors. If any indications exist, the Group 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.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. If recoverable amount cannot be determined for an individual asset, an entity identifies the lowest aggregation of assets that generate largely independent cash inflows.Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU or groups of CGUs, which benefit from the synergies of the acquisition.
The synergy benefits derived from Goodwill are enjoyed interchangeably among segments and the Group is of the view that it is not practical to reasonably allocate the same and an ad-hoc allocation will not be meaningful.

Based on the testing, no impairment was identified as at March 31, 2022 and 2021 as the recoverable value of the CGUs exceeded the carrying value. An analysis of the calculation's sensitivity to a change in the key parameters (turnover and earnings multiples) did not identify any probable scenarios where the CGU's recoverable amount would fall below its carrying amount.

h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group's business model refers to how it manages it's financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Non-derivative financial instruments

Subsequent measurement

Financial assets

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 asset at amortized cost or at FVTOCI, is classified as financial asset at FVTPL. Financial assets except derivative contracts included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

Financial liabilities

Financial liabilities at amortised cost

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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 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 Group has not designated any financial liability as FVTPL.

Investments in subsidiaries, associates and joint ventures

Investment in subsidiaries, associates and joint ventures are carried at cost.

Derivative financial instruments

The Group uses derivatives for economic hedging purposes. At the inception of hedging relationship, the Group documents the hedging relationship between the hedging instrument and hedged item including whether the changes in cash flows of the hedging instruments are expected to offset the changes in cash flows of the hedged items. The Group documents its objective and strategy for undertaking its hedging transactions.

Derivatives are initially recognised at fair value on the date a derivative contract is entered and are subsequently re-measured at fair value at each reporting date.

For cash flow hedges that qualify for hedge accounting, the effective portion of fair value of derivatives are recognised in cash flow hedging reserve within equity.

Gains or losses relating to the ineffective portion is immediately recognised in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit and loss or hedged future cash flows are no longer expected to occur.

Derivatives which do not qualify for hedge accounting are accounted as fair value through profit or loss.

Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss, except in case of equity instruments classified as FVOCI, where such cumulative gain or loss is not recycled to statement of profit and loss.

The Group derecognizes financial liabilities when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurrs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Fair value of financial instruments

In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices, dealer quotes.

For equity instruments of unlisted companies, in limited circumstances, insufficient more recent information is available to measure fair value, or if there are a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. The Group recognises such equity instruments at cost, which is considered as appropriate estimate of fair value.

All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. Refer to the table on financial instruments by category below for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets

The Group 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 Group expects to receive, discounted at the original effective interest rate.

For trade receivables, the Group recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Group 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.

i) Revenue recognition

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services. The Company's contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Income from software services and products

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

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.

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 revenue share is recognized in accordance with the terms of the relevant agreements.

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 Group collects Goods and Services Tax on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate.

Dividend

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

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for services or products tranferred to the customer. If the Group provides services or transfers products to the customer before the customer pays consideration or before the payment is due, a contract asset is recognised for the earned consideration that is conditional.

Notes forming part of condensed interim consolidated financial statements

Contract liabilities

A contract liability is the obligation to provide services or transfer products to a customer for which the Group has received consideration (or an amount of consideration is due) from the consideration.If the Group receives the consideration from the customer before the Group provides services or transfers products to the customer, a contract liability is recognised for the received consideration that is conditional.

j) Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets while grants related to expenses are deducted in reporting the related expenses in the income statement.

k) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the functional currency of the Group, 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 converted 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 period in which they arise.

Translation of foreign operations

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

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) *Retirement and other employee benefits*

Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Group and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the eligible salary of the entitled employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

Gratuity

Gratuity is a defined benefit obligation plan operated by the Group for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by the insurer is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group 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 Group 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. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

The Group 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 beyond twelve months after the reporting date.

The expected cost of accumulating leave encashment is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating leave encashment is recognized in the period in which the absences occur.

Long service awards

Long service awards are other long term benefits to all eligible employees, as per Group's policy. The cost of providing benefit under long service awards scheme is determined on the basis of 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.

Notes forming part of condensed interim consolidated financial statements

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 Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group 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.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the period in which the temporary differences originate.

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

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

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

n) Segment reporting

(i) Identification of segment

The Group's operations predominantly relate to providing software products, services and technology innovation covering full life cycle of product to its customers.

The components of the Group that engage in business activities from which they earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker are identified as operating segments.

(ii) Allocation of income and direct expenses

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment such as salaries, project related travel expenses etc. The remainder is considered as un-allocable expense and is charged against the total income.

(iii) Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segregation of assets, liabilities, depreciation and amortization and other non-cash expenses into various reportable segments have not been presented except for trade receivables and unbilled revenue as these items are used interchangeably among segments and the Group is of the view that it is not practical to reasonably allocate these items to individual segments and an ad-hoc allocation will not be meaningful.

(iv) Inter-segment transfers

There are no inter-segments transactions.

(v) Segment accounting policies

The Group prepares its segment information in conformity with accounting policies for preparing and presenting the financial statements of the Group as a whole.

o) 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.

p) Provisions

A provision is recognized when the Group 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 of the amount required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group 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.

r) Cash and cash equivalents

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

s) Share based payments

Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest best on the non-market vesting and service conditions. It recognises the impact of the revisions to the original estimates, if any, in profit or loss with a corresponding adjustment to equit

The expense or credit recognized in the statement of profit and loss for the period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense with a corresponding increase in stock options outstanding reserve in equity. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

The employee stock option expenses in respect of the employees of the subsidiaries are charged to the respective subsidiary.

t) Equity

Ordinary shares are classified as equity share capital. Incremental costs directly attributable to the issuance of new ordinary shares, share options and buyback are recognized as a deduction from equity, net of any tax effects

u) Dividend

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors.

v) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The acquisition cost is measured as the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree at fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred

The excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in the acquired entity, and
- Acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase is recognized directly in equity as capital reserve.

w) Goodwill/ Gain on bargain purchase

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized in the other comprehensive income as gain on bargain purchase. Subsequent to initial recognition, Goodwill is measured at cost less accumulated impairment losses.

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5 Equity share capital

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Authorized shares (No. in million)		
200 (Corresponding period/ Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid-up shares (No. in million)		
76.43 (Corresponding period/ Previous year: 76.43) equity shares of ₹ 10 each	764.25	764.25
Issued, subscribed and fully paid-up share capital	**764.25**	**764.25**

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

The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

(In Million)

	As at March 31, 2022		As at March 31, 2021	
	No of shares	Amount ₹	No of shares	Amount ₹
Number of shares at the beginning of the period/ year	76.425	764.25	76.425	764.25
Less: Changes during the period	-	-	-	-
Number of shares at the end of the period/ year	**76.425**	**764.25**	**76.425**	**764.25**

b) Terms / rights attached to equity shares

The Parent Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Parent Company declares and pays dividends in Indian rupees after deducting applicable taxes.

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. However, no such preferential amounts exist currently.

c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	For the period of five years ended March 31, 2022 No in Million	For the period of five years ended March 31, 2021 No in Million
Equity shares bought back	3.575	3.575

d) Details of shareholders holding more than 5% shares in the Group

Name of the shareholder*	As at March 31, 2022		As at March 31, 2021	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande and Mrs. Sonali Anand Deshpande	22.97	30.06	22.96	30.04
Schemes of HDFC Mutual Fund	3.45	4.51	5.37	7.03

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Group including register of shareholders / members.

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

6.1 Property, plant and equipment

(In ₹ Million)

	Land - Freehold	Buildings*	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2021	221.91	2,455.09	2,943.59	96.51	1,416.28	44.29	699.80	7.24	7,884.71
Additions	-	1.35	1,068.37	5.36	70.39	2.71	63.59	-	1,211.77
Additions through business combination (refer note 35)	-	-	21.13	1.35	4.15	-	0.48	0.03	27.14
Disposals	-	-	32.03	4.24	90.21	0.77	34.93	-	162.18
Effect of foreign currency translation from functional currency to reporting currency	(0.29)	(1.28)	2.87	1.40	(0.72)	1.46	5.24	-	8.68
As at March 31, 2022	**221.62**	**2,455.16**	**4,003.93**	**100.38**	**1,399.89**	**47.69**	**734.18**	**7.27**	**8,970.12**
Accumulated depreciation									
As at April 1, 2021	-	1,183.45	2,289.84	86.41	1,224.51	39.84	654.28	4.98	5,483.31
Charge for the period	-	99.08	502.93	7.11	55.60	4.55	49.87	0.97	720.11
Disposals	-	-	30.16	4.24	90.05	0.69	34.52	-	159.66
Effect of foreign currency translation from functional currency to reporting currency	-	(0.55)	5.31	1.24	(1.25)	1.31	2.63	-	8.69
As at March 31, 2022	**-**	**1,281.98**	**2,767.92**	**90.52**	**1,188.81**	**45.01**	**672.26**	**5.95**	**6,052.45**
Net block									
As at March 31, 2022	**221.62**	**1,173.18**	**1,236.01**	**9.86**	**211.08**	**2.68**	**61.92**	**1.32**	**2,917.67**
As at March 31, 2021	**221.91**	**1,271.64**	**653.75**	**10.10**	**191.77**	**4.45**	**45.52**	**2.26**	**2,401.40**

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6.1 Property, plant and equipment

(In ₹ Million)

	Land - Freehold	Buildings*	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2020	221.37	2,452.04	2,457.77	93.20	1,399.41	45.92	693.12	7.24	7,370.07
Additions	-	0.67	559.91	6.17	56.41	-	36.27	-	659.43
Additions through business combination	-	-	27.32	0.69	0.12	-	7.20	-	35.33
Disposals	-	-	80.29	2.23	39.87	3.81	35.39	-	161.59
Effect of foreign currency translation from functional currency to reporting currency	0.54	2.38	(21.12)	(1.32)	0.21	2.18	(1.40)	-	(18.53)
As at March 31, 2021	**221.91**	**2,455.09**	**2,943.59**	**96.51**	**1,416.28**	**44.29**	**699.80**	**7.24**	**7,884.71**
Accumulated depreciation									
As at April 1, 2020	-	1,083.58	2,092.05	80.57	1,206.20	35.51	643.51	4.05	5,145.47
Additions through business combination	-	-	25.64	0.34	0.05	-	2.30	-	28.33
Charge for the year	-	99.10	258.53	8.38	54.40	5.79	41.53	0.93	468.66
Disposals	-	-	67.10	2.02	36.56	2.94	31.23	-	139.85
Effect of foreign currency translation from functional currency to reporting currency	-	0.77	(19.28)	(0.86)	0.42	1.48	(1.83)	-	(19.30)
As at March 31, 2021	**-**	**1,183.45**	**2,289.84**	**86.41**	**1,224.51**	**39.84**	**654.28**	**4.98**	**5,483.31**
Net block									
As at March 31, 2021	**221.91**	**1,271.64**	**653.75**	**10.10**	**191.77**	**4.45**	**45.52**	**2.26**	**2,401.40**
As at March 31, 2020	**221.37**	**1,368.46**	**365.72**	**12.63**	**193.21**	**10.41**	**49.61**	**3.19**	**2,224.60**

* Note: Buildings include those constructed on leasehold land:

a) Gross block as on March 31, 2022 ₹ 1,455.94 million (Previous year ₹ 1,454.60 million)

b) Depreciation charge for the year ₹ 59.07 million (Previous year ₹ 59.04 million)

c) Accumulated depreciation as on March 31, 2022 ₹ 617.14 million (Previous year ₹ 558.07 million)

d) Net book value as on March 31, 2022 ₹ 838.80 million (Previous year ₹ 896.53 million)

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6.2 Right-of-use assets

(In ₹ Million)

	Leasehold Land	Office premises	Total
Gross block (At cost)			
As at April 1, 2021	37.50	1,208.13	1,245.63
Additions during the period	-	831.31	831.31
Disposals	-	201.25	201.25
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	3.56	3.56
As at March 31, 2022	**37.50**	**1,841.75**	**1,879.25**
Accumulated amortisation			
As at April 1, 2021	1.18	391.87	393.05
Charge for the period	0.58	287.93	288.51
Disposals	-	158.44	158.44
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	(2.08)	(2.08)
As at March 31, 2022	**1.76**	**519.28**	**521.04**
Net block			
As at March 31, 2022	**35.74**	**1,322.47**	**1,358.21**
As at March 31, 2021	**36.32**	**816.26**	**852.58**

(In ₹ Million)

	Leasehold Land	Office premises	Total
Gross block (At cost)			
As at April 1, 2020	37.50	796.75	834.25
Additions during the period	-	584.67	584.67
Acquistion	-	2.52	2.52
Disposals	-	165.16	165.16
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	(10.65)	(10.65)
As at March 31, 2021	**37.50**	**1,208.13**	**1,245.63**
Accumulated depreciation			
As at April 1, 2020	0.60	266.84	267.44
Acquistion	-	0.10	0.10
Charge for the year	0.58	250.88	251.46
Disposals	-	121.83	121.83
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	(4.12)	(4.12)
As at March 31, 2021	**1.18**	**391.87**	**393.05**
Net block			
As at March 31, 2021	**36.32**	**816.26**	**852.58**
As at March 31, 2020	**36.90**	**529.91**	**566.81**

6.3 Goodwill

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Cost		
Balance at beginning of period/ year	85.94	88.94
Additional amounts recognised from business combinations (refer note 35)	2,636.81	-
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	67.47	(3.00)
Balance at end of period/ year	**2,790.22**	**85.94**

6.4 Other Intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Provisional intangible assets	Total
Gross block				
As at April 1, 2021	2,912.77	5,744.93	-	8,657.70
Additions	62.65	182.63	-	245.28
Additions through business combination (refer note 34)	-	980.16	6,651.74	7,631.90
Disposals	2.44	0.04	-	2.48
Effect of foreign currency translation from functional currency to reporting currency	58.47	(94.15)	44.56	8.88
As at March 31, 2022	**3,031.45**	**6,813.53**	**6,696.30**	**16,541.28**
Accumulated amortization				
As at April 1, 2021	2,736.80	4,691.40	-	7,428.20
Charge for the period	70.76	526.18	54.56	651.50
Disposals	1.78	0.01	-	1.79
Effect of foreign currency translation from functional currency to reporting currency	58.54	134.47	0.73	193.74
As at March 31, 2022	**2,864.32**	**5,352.04**	**55.29**	**8,271.65**
Net block				
As at March 31, 2022	**167.13**	**1,461.49**	**6,641.01**	**8,269.63**
As at March 31, 2021	**175.97**	**1,053.53**	**-**	**1,229.50**

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2020	2,779.57	5,214.42	7,993.99
Additions	185.76	256.64	442.40
Additions through business combination	-	363.16	363.16
Disposals	2.94	-	2.94
Effect of foreign currency translation from functional currency to reporting currency	(49.62)	(89.29)	(138.91)
As at March 31, 2021	**2,912.77**	**5,744.93**	**8,657.70**
Accumulated amortization			
As at April 1, 2020	2,732.72	3,826.34	6,559.06
Charge for the year	59.74	975.64	1,035.38
Disposals	2.89	-	2.89
Effect of foreign currency translation from functional currency to reporting currency	(52.77)	(110.58)	(163.35)
As at March 31, 2021	**2,736.80**	**4,691.40**	**7,428.20**
Net block			
As at March 31, 2021	**175.97**	**1,053.53**	**1,229.50**
As at March 31, 2020	**46.85**	**1,388.08**	**1,434.93**

6.5 Depreciation and amortization

(In ₹ Million)

	For the Quarter Ended		For the year ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
On Property, Plant and Equipment	231.19	124.68	720.11	468.66
On Right of Use assets	77.82	64.26	288.51	251.46
On Other Intangible assets	202.34	230.11	651.50	1,035.38
	511.35	**419.05**	**1,660.12**	**1,755.50**

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

7. Non-current financial assets : Investments

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Investments carried under equity accounting method		
Unquoted Investments		
Investments in equity instruments		
In associate		
Klisma e-Services Private Limited [Holding Nil. (Corresponding period/ Previous year 50%)] #		
Nil (Previous year: 0.005 million) shares of ₹10 each, fully paid up	-	0.05
Less : Writeoff / Impairment	-	(0.05)
	-	-
Total investments carried equity accounting method (A)	-	-
Investments carried at amortised cost		
Quoted investments		
In bonds		
[Market value ₹ 2,863.32 million (Previous year ₹ 2,727.32 million)]	2,801.81	2,557.92
Add: Interest accrued on bonds	77.48	72.88
Total investments carried at amortised cost (B)	**2,879.29**	**2,630.80**
Designated as fair value through profit and loss		
Quoted investments		
- Investments in mutual funds		
Fair value of long term mutual funds (refer Note 7a)	836.42	806.99
	836.42	**806.99**
Unquoted investments		
Investments in Common Stocks / Preferred Stocks		
- Others*		
Ciqual Limited [Holding 2.38% (Corresponding period/ Previous year 2.38%)]		
0.04 million (Corresponding period/ Previous year : 0.04 million) shares of GBP 0.01 each, fully paid up	15.16	14.73
Less : Change in fair value of investment	(15.16)	(14.73)
	-	-
Altizon Systems Private Limited	6.00	6.00
3,766 equity shares (Corresponding period/ Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up		
	6.00	**6.00**
Hygenx Inc.	15.16	14.62
0.25 million (Corresponding period/ Previous year : 0.25 million) Preferred stock of $ 0.001 each, fully paid up		
Less : Change in fair value of investment	(15.16)	(14.62)
	-	-
OpsDataStore Inc.	-	14.62
Nil (Corresponding period/ Previous year : 0.20 million) Preferred stock of $ 0.001 each, fully paid up		
Less : Change in fair value of investment	-	(14.62)
	-	-
Trunomi Inc.	18.95	18.28
0.28 million (Corresponding period/ Previous year : 0.28 million) Preferred stock of $ 0.0002 each, fully paid up		
Ampool Inc.	-	18.28
Nil (Corresponding period/ Previous year : 0.55 million) Preferred stock of $ 0.4583 each, fully paid up		
Add / (less) : Change in fair value of investment	-	(18.28)
	-	-
Cazena Inc. ^		
Nil (Corresponding period/ Previous year: 0.59 million Common Stock of $ 0.0001 each), fully paid up	-	146.22
Add / (less) : Change in fair value of investment	-	-
	-	**146.22**
Monument Bank	123.61	-
0.024 million (Previous year: Nil) Stock of GBP 50 each), fully paid up		
	142.56	**164.50**

Klisma e-Services Private Limited ('Klisma'), an Associate of the Company has been dissolved w.e.f. August 10, 2021 vide dissolution order passed by the Hon'ble National Company Law Tribunal, Mumbai Bench.

^ Cazena Inc. has been acquired by another corporation. Accordingly, based on the communication received from Cazena Inc. regarding the realisable value, the company has written off the entire amount of investment of Rs. 148.40 million.

7. Non-current financial assets : Investments (refer note 31) (contd)

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
DxNow	9.47	9.14
0.17 million Preferred Shares fully paid up (Corresponding period: 1 convertible note of USD 125,000 each, fully paid up/ / Previous year: 0.17 million Preferred Shares fully paid up)		
Less : Change in fair value of investment	(9.47)	(9.14)
	-	-
Akumina Inc.	13.45	12.98
0.40 million Preference shares of $ 0.443 each (Previous year : 1 convertible note of USD 146,429 each, fully paid up)		
	13.45	**12.98**
- Investments in Convertible Notes		
Ustyme	-	18.28
1 (Corresponding period/ Previous year : 1) convertible note of USD 250,000 each, fully paid up		
Add / (less) : Change in fair value of investment	-	(18.28)
	-	-
Total Investments carried at Fair Value (C)	**998.43**	**990.47**
Total investments (A) + (B) + (C)	**3,877.72**	**3,621.27**
Aggregate amount of impairment in value / change in fair value of investments	39.79	89.72
Aggregate amount of quoted investments	2,879.29	2,630.80
Aggregate amount of unquoted investments	1,038.22	1,080.19

* Investments, where the Group does not have joint-control or significant influence including situations where such joint-control or significant influence is intended to be temporary, are classified as "investments in others".

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7 a) Details of fair value of investment in long term mutual funds (Unquoted)

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Axis mutual fund	471.15	400.50
IDFC mutual fund	365.27	370.31
Sundaram mutual fund	-	36.18
	836.42	**806.99**

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8. Non-current financial assets : Loans (refer note 31)

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Carried at amortised cost		
Other loans and advances		
Unsecured, considered good - Loan to ESOP trust	3,522.00	-
Unsecured, credit impaired	0.58	23.63
	3,522.58	**23.63**
Less: Impairment of non-current loans	(0.58)	(23.63)
	3,522.00	**-**
	3,522.00	**-**

9. Other non-current financial assets (refer note 31)

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Non-current bank balances (refer note 15)	3.19	24.42
Add: Interest accrued but not due on non-current bank deposits (refer note 15)	0.17	1.34
Deposits with banks (Carried at amortised cost)	**3.36**	**25.76**
Deposits with financial institutions	430.00	430.00
Add: Interest accrued on deposit with financial institutions	0.98	0.98
Less: Credit impaired (refer note 38)	(430.98)	(430.98)
	-	**-**
Unsecured, considered good	100.00	-
Add: Interest accrued	0.41	-
	100.41	**-**
Security deposits	236.97	134.76
	340.74	**160.52**

10. Deferred tax asset (net) *

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Deferred tax liabilities		
Differences in book values and tax base values of block of property, plant and equipment and intangible assets	89.31	-
Capital gains	51.11	61.06
Others	7.54	66.47
	147.96	**127.53**
Deferred tax assets		
Provision for leave encashment	224.94	184.65
Provision for long service awards	134.29	117.05
Allowance for expected credit loss	43.27	93.49
Differences in book values and tax base values of block of property, plant and equipment and intangible assets	170.18	63.43
Brought forward and current year losses	99.41	43.77
Tax credits	407.13	435.71
ROU asset and lease liability	31.71	31.74
Provision for shared based payments to employees	48.56	40.28
Others	111.19	154.98
	1,270.68	**1,165.10**
Deferred tax liabilities after set off	-	-
Deferred tax assets after set off	**1,122.72**	**1,037.57**

* Deferred tax assets and deferred tax liabilities have been offset wherever the Group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. In all other cases the same have been separately disclosed.

11. Other non-current assets

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Capital advances (unsecured, considered good)	104.95	60.54
Balances with government authorities (refer note 34)	296.55	296.55
Prepayments	130.11	84.43
	531.61	**441.52**

Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

12. Current financial assets : Investments (refer note 31)

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Designated as fair value through profit and loss		
- Quoted investments		
Investments in mutual funds		
Fair value of current mutual funds (refer Note 12a)	4,346.91	6,374.95
	4,346.91	**6,374.95**
Total carrying amount of investments	**4,346.91**	**6,374.95**
Aggregate amount of quoted investments	**4,346.91**	**6,374.95**
Aggregate amount of unquoted investments	**-**	**-**

12 (a) Details of fair value of current investment in mutual funds (Quoted)

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Aditya Birla Sun Life Mutual Fund	883.65	1,011.03
Axis Mutual Fund	672.70	824.68
Kotak Mutual Fund	521.63	478.21
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	472.88	-
IDFC Mutual Fund	457.54	911.72
DSP Mutual Fund	443.20	37.38
ICICI Prudential Mutual Fund	399.94	710.33
UTI Mutual Fund	337.68	723.19
SBI Mutual Fund	120.01	166.36
Sundaram mutual fund	37.68	-
HDFC Mutual Fund	-	963.10
L&T Mutual Fund	-	511.71
PGIM India Mutual Fund (formerly known as DHFL Pramerica Mutual Fund)	-	37.24
	4,346.91	**6,374.95**

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

13. Trade receivables

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Unsecured, considered good	9,484.29	5,708.97
Unsecured, credit impaired	165.78	271.64
	9,650.07	**5,980.61**
Less : Allowance for expected credit loss	(165.78)	(271.64)
	9,484.29	**5,708.97**
	9,484.29	**5,708.97**

14. Cash and cash equivalents

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Cash and cash equivalents as presented in cash flow statement		
Cash in hand	0.24	0.41
Balances with banks		
On current accounts #	2,337.96	1,583.20
On saving accounts	1.64	1.33
On exchange earner's foreign currency accounts	259.20	208.57
On deposit accounts with original maturity less than three months	-	625.79
On Escrow account**	378.95	-
	2,977.99	**2,419.30**

Out of the cash and cash equivalent balance as at March 31, 2022, the Group can utilise ₹ 35.75 Million (Previous year: ₹ 154.39 Million) only towards certain predefined activities specified in the agreement.

** The balance maintained in Escrow account will be released to selling shareholders on meeting specific conditions.

15. Bank balances other than cash and cash equivalents

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Deposits with banks*	5,986.55	7,108.47
Add: Interest accrued but not due on deposits with banks	180.46	303.99
Deposits with banks (carried at amortised cost)	**6,167.01**	**7,412.46**
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (refer note 9)	(3.19)	(24.42)
Less: Interest accrued but not due on non-current deposits with banks (refer note 9)	(0.17)	(1.34)
	6,163.65	**7,386.70**
Balances with banks on unpaid dividend accounts**	2.94	3.00
	6,166.59	**7,389.70**

* Of the balance, fixed deposits of ₹ 646.58 million (Previous year : ₹ 675.89 million) have been earmarked against credit facilities and bank guarantees availed by the Group.

** The Group can utilize these balances only towards settlement of the respective unpaid dividend.

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16. Current financial assets : Loans

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Carried at amortised cost		
Loan to related parties (Unsecured, credit impaired) (refer note 33)		
Klisma e-Services Private Limited	-	27.43
	-	**27.43**
Less: Write off / impairment	-	(27.43)
	-	-
Loan to others (Unsecured, considered good)		
LHS Solution Inc.	22.78	21.90
Interest accrued but not due at amortised cost	1.72	1.72
Less: Impairment	(24.50)	(23.62)
	-	-
Other advances	16.10	21.79
	16.10	**21.79**

17. Other current financial assets

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Fair value of derivatives designated as hedging instruments		
Forward contracts receivable	84.59	294.46
Advances to related parties (Unsecured, credit impaired) (refer note 33)		
Klisma e-Services Private Limited	-	0.81
Less: Write off / impairment	-	(0.81)
	-	-
Security deposits	-	49.47
Unbilled revenue	3,130.31	2,172.77
	3,214.90	**2,516.70**

18. Other current assets

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Unsecured, considered good		
Advances to suppliers		
Advances recoverable in cash or kind or for value to be received	1,345.41	815.19
Excess fund balance with Life Insurance Corporation of India	42.19	113.08
Other advances		
VAT receivable (net)	3.71	97.19
Service tax and GST receivable (net) (refer note 34 (a))	561.59	1,058.26
	565.30	**1,155.45**
	1,952.90	**2,083.72**

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19. Non-current financial liabilities : Borrowings

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Borrowings carried at amortised cost		
Term loans		
Indian rupee loan from others	5.55	7.39
Interest accrued but not due on term loans	0.08	0.11
Foreign currency loan from others	4,319.72	38.73
	4,325.35	**46.23**
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (refer note 23)	(1,524.48)	(1.85)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (refer note 23)	(0.08)	(0.11)
	(1,524.56)	**(1.96)**
	2,800.79	**44.27**

The term loans from Government departments have the following terms and conditions:

Loan I - amounting to ₹ 5.55 million (Corresponding period ₹ 7.41 million / Previous year ₹ 7.39 million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from October 2015.

Loan II - amounting to ₹ 37.54 million (Previous year ₹ 38.73). The interest free loan is given under a Covid-19 scheme for medium and small scale Industries by the Government of Switzerland to a subsidiary company with a repayment period of five years from March 2020.

Loan III - amounting to ₹ 4,282.18 million (Previous year:Nil). The Group has provided a Letter of Comfort to the Lendors.
Key terms are as below:

Repayment term	Rs. Million	Interest rate
Loan 1: Repayable over a period of 3 years in equal instalments commencing from November 2021	1,629.53	SOFR + 155 bps
Loan 2: Repayable over a period of 3 years in equal instalments commencing from April 2022	2,652.65	SOFR + 145 bps
	4,282.18	

20. Lease liabilities

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Lease liabilities	1,456.87	938.17
Less: Current portion of lease liabilities	(342.58)	(222.00)
	1,114.29	**716.17**

Movement of lease liabilities

	For the year ended March 31, 2022 In ₹ Million	For the year ended March 31, 2021 In ₹ Million
Opening balance	938.17	662.42
Additions	831.31	587.19
Deletions	(42.81)	(43.33)
Add: Interest recognised during the period/ year	84.06	57.53
Less: Payments made	(350.83)	(319.11)
Translation differences	(3.03)	(6.53)
Closing balance	**1,456.87**	**938.17**

21. Non current liabilities : Provisions

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Provision for employee benefits		
- Long service awards	245.54	240.94
	245.54	**240.94**

22. Trade payables

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Trade payables		
- Dues of micro and small enterprises	10.30	30.20
- Dues of creditors other than micro and small enterprises	4,288.41	2,703.24
	4,298.71	**2,733.44**

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Parent Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Parent Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the period or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the period or on balance brought forward from previous year.

23. Other current financial liabilities

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Capital creditors	204.49	237.83
Accrued employee liabilities	144.61	127.50
Unpaid dividend*	2.94	3.00
Other liabilities	8.41	7.96
Payable to selling shareholders (refer note 44)	3,901.75	11.92
Less: Non-current portion of Payable to Selling Shareholders	(2,088.60)	-
	2,173.60	**388.21**

* Unpaid dividend is transferred to Investor Education and Protection Fund as and when due.

24.Other current liabilities

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Unearned revenue	978.32	966.07
Advance from customers	43.21	93.67
Other payables		
- Statutory liabilities	491.79	296.20
- Other liabilities*	58.40	159.01
	1,571.72	**1,514.95**

*Includes balance of ₹ 35.64 million (Previous year: ₹ 154.16 million) to be utilised against certain predefined activities specified in the agreement.

25. Current liabilities : Provisions

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Provision for employee benefits		
- Gratuity	9.96	37.78
- Leave encashment	975.49	815.28
- Long service awards	24.54	17.19
- Other employee benefits	2,939.67	1,607.54
	3,949.66	**2,477.79**

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26. Revenue from operations (net)

	For the quarter ended		For the year ended	
	March 31, 2022 In ₹ Million	March 31, 2021 In ₹ Million	March 31, 2022 In ₹ Million	March 31, 2021 In ₹ Million
Software services	15,988.45	10,788.82	55,721.12	40,158.83
Software licenses	390.09	344.76	1,386.34	1,720.05
	16,378.54	**11,133.58**	**57,107.46**	**41,878.88**

27. Other income

	For the quarter ended		For the year ended	
	March 31, 2022 In ₹ Million	March 31, 2021 In ₹ Million	March 31, 2022 In ₹ Million	March 31, 2021 In ₹ Million
Interest income				
On deposits carried at amortised cost	72.10	111.99	315.69	388.77
On Others	105.27	43.39	284.53	169.93
Foreign exchange gain/ (loss) (net)	120.16	173.77	269.41	33.81
Profit /(Loss) on sale of property, plant and equipment (net)	7.44	(5.75)	12.45	1.34
Net profit on sale/ fair valuation of financial assets designated as FVTPL	58.47	60.60	354.30	346.74
Excess provision in respect of earlier years written back	23.24	12.56	66.00	41.79
Miscellaneous income	34.05	3.80	137.17	95.34
	420.73	**400.36**	**1,439.55**	**1,077.72**

28. Personnel expenses

	For the quarter ended		For the year ended	
	March 31, 2022 In ₹ Million	March 31, 2021 In ₹ Million	March 31, 2022 In ₹ Million	March 31, 2021 In ₹ Million
28.1 Employee benefits expense				
Salaries, wages and bonus	8,955.01	6,177.85	31,061.63	22,852.56
Contribution to provident and other funds	644.75	455.49	2,059.54	1,528.58
Staff welfare and benefits	167.73	173.77	521.70	486.41
Share based payments to employees	306.18	46.79	950.23	290.44
	10,073.67	**6,853.90**	**34,593.10**	**25,157.99**
28.2 Cost of professionals	2,139.15	1,543.13	7,974.18	5,563.68
	12,212.82	**8,397.03**	**42,567.28**	**30,721.67**

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29. Other expenses

	For the quarter ended		For the year ended	
	March 31, 2022 In ₹ Million	March 31, 2021 In ₹ Million	March 31, 2022 In ₹ Million	March 31, 2021 In ₹ Million
Travelling and conveyance	117.40	29.60	412.04	173.62
Electricity expenses (net)	18.42	20.24	76.07	82.58
Internet link expenses	15.90	15.24	68.59	70.86
Communication expenses	22.20	12.95	87.05	102.18
Recruitment expenses	127.04	31.63	428.06	135.10
Training and seminars	55.94	8.58	119.58	57.36
Royalty expenses	26.03	41.07	92.54	94.83
Purchase of software licenses	405.08	329.96	1,606.97	1,855.62
Bad debts	65.27	4.78	65.27	90.30
Allowance for expected credit loss (net)	(90.96)	(0.05)	(105.06)	31.32
Rent	26.80	33.68	101.88	140.89
Insurance	13.32	10.52	50.34	40.01
Rates and taxes	30.58	15.11	99.30	87.86
Legal and professional fees	288.06	139.46	828.48	525.40
Repairs and maintenance				
- Plant and machinery	46.16	30.82	141.71	113.88
- Buildings	6.78	4.68	20.46	21.63
- Others	7.02	1.74	26.96	18.69
Selling and marketing expenses	2.10	4.04	4.89	10.43
Advertisement, conference and sponsorship fees	13.03	41.57	85.67	140.01
Computer consumables	5.13	1.97	10.55	5.54
Auditors' remuneration	4.58	5.47	11.39	11.14
Corporate social responsibility expenditure	45.59	1.89	115.78	204.05
Books, memberships, subscriptions	8.58	4.47	32.90	20.66
Directors' sitting fees	1.28	1.18	7.43	4.84
Directors' commission	4.99	2.36	20.83	10.22
Impairment of loan	-	(0.13)	-	23.96
Loss / Impairment of non current investments	(0.04)	(0.10)	148.40	18.53
Miscellaneous expenses	87.70	60.52	400.39	235.55
	1,353.98	**853.25**	**4,958.47**	**4,327.06**

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

30. Earnings per share

		For the quarter ended		For the year ended	
		March 31, 2022	**March 31, 2021**	**March 31, 2022**	**March 31, 2021**
Numerator for Basic and Diluted EPS					
Net Profit after tax (In ₹ Million)	(A)	2,009.90	1,377.59	6,903.86	4,506.77
Denominator for Basic EPS					
Weighted average number of equity shares	(B)	76,425,000	76,425,000	76,425,000	76,425,000
Denominator for Diluted EPS					
Number of equity shares	(C)	76,425,000	76,425,000	76,425,000	76,425,000
Basic earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	**26.30**	**18.03**	**90.34**	**58.97**
Diluted earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	**26.30**	**18.03**	**90.34**	**58.97**

	For the quarter ended		For the year ended	
	March 31, 2022	**March 31, 2021**	**March 31, 2022**	**March 31, 2021**
Number of shares considered as basic weighted average shares outstanding	76,425,000	76,425,000	76,425,000	76,425,000
Add: Effect of dilutive shares	-	-	-	-
Number of shares considered as weighted average shares and potential shares outstanding	**76,425,000**	**76,425,000**	**76,425,000**	**76,425,000**

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

31. Financial assets and liabilities

The carrying values and fair values of financial instruments by categories are as follows:

In ₹ Million

Financial assets/ Financial liabilities	March 31, 2022			March 31, 2021			Fair value hierarchy*
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	
Financial Assets:							
Investments in equity instruments, preferred stock and convertible notes	162.01	-	-	183.48	-	-	Level 3
Investments in bonds	-	-	2,879.29	-	-	2,630.80	
Investments in mutual funds	5,183.33	-	-	7,181.94	-	-	Level 1
Loans	-	-	3,538.10	-	-	21.79	
Deposit with banks and financial institutions (net)	-	-	6,267.42	-	-	7,412.46	
Cash and cash equivalents (including unpaid dividend)	-	-	2,980.93	-	-	2,422.30	
Trade receivables (net)	-	-	9,484.29	-	-	5,708.97	
Foreign exchange forward contracts	-	84.59	-	-	294.46	-	Level 2
Unbilled revenue	-	-	3,130.31	-	-	2,172.77	
Other non current financial assets	-	-	236.97	-	-	134.76	
Other current financial assets	-	-	-	-	-	49.47	
Total Financial Assets	**5,345.34**	**84.59**	**28,517.31**	**7,365.42**	**294.46**	**20,553.32**	
Financial Liabilities:							
Borrowings (including accrued interest)	-	-	4,325.35	-	-	46.23	
Trade payables	-	-	4,298.71	-	-	2,733.44	
Lease liabilities	-	-	1,456.87	-	-	938.17	
Other financial liabilities (excluding borrowings)	-	-	4,262.20	-	-	388.21	
Total Financial Liabilities	**-**	**-**	**14,343.13**	**-**	**-**	**4,106.05**	

***Fair value hierarchy:**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. In respect of equity instruments of unlisted companies, in limited circumstances, insufficient more recent information is available to measure fair value, or if there are a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. The Group recognises such equity instruments at cost, which is considered as appropriate estimate of fair value.

Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

32. Segment information

Operating segments are components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision makers, in deciding how to allocate resources and assessing performance. The Group's chief operating decision makers are the Chief Executive Officer and the Chairman & Managing Director.

The operating segments are:
a. Banking, Financial Services and Insurance (BFSI)
b. Healthcare & Life Sciences
c. Technology Companies and Emerging Verticals

Particulars			BFSI	Healthcare & Life Sciences	Technology Companies and Emerging Verticals	Total
Revenue	Quarter ended	March 31, 2022	5,321.19	3,371.70	7,685.65	16,378.54
	Quarter ended	March 31, 2021	3,158.04	2,054.64	5,920.90	11,133.58
	Year ended	March 31, 2022	18,063.65	11,842.75	27,201.06	57,107.46
	Year ended	March 31, 2021	12,857.05	8,104.24	20,917.59	41,878.88
Identifiable expense	Quarter ended	March 31, 2022	3,829.03	1,679.52	4,811.92	10,320.47
	Quarter ended	March 31, 2021	1,797.50	945.97	4,057.22	6,800.69
	Year ended	March 31, 2022	11,879.32	5,779.01	17,931.96	35,590.29
	Year ended	March 31, 2021	8,038.67	4,121.77	14,468.19	26,628.63
Segmental result	Quarter ended	March 31, 2022	1,492.16	1,692.18	2,873.73	6,058.07
	Quarter ended	March 31, 2021	1,360.54	1,108.67	1,863.68	4,332.89
	Year ended	March 31, 2022	6,184.33	6,063.74	9,269.10	21,517.17
	Year ended	March 31, 2021	4,818.38	3,982.47	6,449.40	15,250.25
Unallocable expenses	Quarter ended	March 31, 2022				3,806.97
	Quarter ended	March 31, 2021				2,884.47
	Year ended	March 31, 2022				13,713.93
	Year ended	March 31, 2021				10,233.54
Operating income	Quarter ended	March 31, 2022				2,251.10
	Quarter ended	March 31, 2021				1,448.42
	Year ended	March 31, 2022				7,803.24
	Year ended	March 31, 2021				5,016.71
Other income (net of expenses)	Quarter ended	March 31, 2022				420.73
	Quarter ended	March 31, 2021				400.36
	Year ended	March 31, 2022				1,439.55
	Year ended	March 31, 2021				1,077.72
Profit before taxes	Quarter ended	March 31, 2022				2,671.83
	Quarter ended	March 31, 2021				1,848.78
	Year ended	March 31, 2022				9,242.79
	Year ended	March 31, 2021				6,094.43
Tax expense	Quarter ended	March 31, 2022				661.93
	Quarter ended	March 31, 2021				471.19
	Year ended	March 31, 2022				2,338.93
	Year ended	March 31, 2021				1,587.66
Profit after tax	Quarter ended	March 31, 2022				2,009.90
	Quarter ended	March 31, 2021				1,377.59
	Year ended	March 31, 2022				6,903.86
	Year ended	March 31, 2021				4,506.77

(In ₹ Million)

Particulars			BFSI	Healthcare & Life Sciences	Technology Companies and Emerging Verticals	Total
Segmental trade receivables (net)	As at	March 31, 2022	1,816.26	1,949.27	5,718.76	9,484.29
	As at	March 31, 2021	1,355.88	1,363.40	2,989.69	5,708.97
Segmental Unbilled revenue	As at	March 31, 2022	754.63	325.30	2,050.38	3,130.31
	As at	March 31, 2021	594.57	162.29	1,415.91	2,172.77
Unallocated assets	As at	March 31, 2022				41,526.37
	As at	March 31, 2021				28,773.50
Unallocated liabilities	As at	March 31, 2022				54,140.97
	As at	March 31, 2021				36,655.24

Segregation of assets (other than trade receivables and unbilled revenue), liabilities, depreciation and amortization and other non-cash expenses into various reportable segments have not been presented as the assets are used interchangeably among segments and the Group is of the view that it is not practical to reasonably allocate the other assets, liabilities and other non-cash expenses to individual segments and an ad-hoc allocation will not be meaningful.

32. Segment information

Geographical Information
The following table shows the distribution of the Group's consolidated sales by geographical market regardless of from where the services were rendered

(In ₹ Million)

Particulars			India	North America	Rest of the World	Total
Revenue	Quarter ended	March 31, 2022	3,414.77	24,533.20	(11,569.43)	16,378.54
	Quarter ended	March 31, 2021	928.58	8,632.58	1,572.42	11,133.58
	Year ended	March 31, 2022	6,028.37	44,812.10	6,266.99	57,107.46
	Year ended	March 31, 2021	3,512.59	33,861.61	4,504.68	41,878.88

The revenue from individual customers in excess of ten percent of total revenue of the Group is ₹ 2,291.72 million for the quarter ended March 31, 2022 (Corresponding period: ₹ 2,961.67 million), Rs. 9,271.13 million for the year ended March 31, 2022 (Previous year : ₹ 12,146.55 million).

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33 Related party transactions

Refer to the Group's annual financial statements for the ended March 31, 2022 for the full names and other details of the Group's related parties.

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34. Contingent liabilities

(In ₹ Million)

Sr. No		As at March 31, 2022	As at March 31, 2021
a)	**Claims against the company not acknowledged as debt***		
1	**Indirect tax matters**		
	(i) In respect to the order passed by the Learned Principal Commissioner of Service Tax, Pune, for Service tax under import of services on reverse charge basis for the Financial Year 2014-15, the Parent Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017. The Parent Company has paid ₹ 165.58 million under protest towards the demand and the same forms part of the GST receivable balance. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Parent Company will be eligible to claim credit/refund for the amount paid.	173.78	173.78
	(ii) In respect of export incentives pertaining to previous periods amounting to ₹ 255.52 million, which have been refunded under protest with interest of ₹ 41.03 million, the Parent Company has filed an application with Directorate General of Foreign Trade (DGFT). Based on the documents filed with relevant authorities and based on the consultations with subject matter specialists, the Parent Company believes that its position is most likely be upheld on ultimate resolution.	296.55	296.55
	(iii) Other Pending litigations in respect of Indirect taxes.	13.53	27.33
2	**Income tax demands disputed in appellate proceedings**	855.02	478.70
b)	**Guarantees and Letter of Comfort on behalf of Subsidiaries**		
1	Guarantees given on behalf of subsidiaries	770.78	1,109.08
2	Letters of comfort on behalf of subsidiary (USD 60 Million (Previous year : Nil))	4,547.40	-

*The Parent Company, based on independent legal opinions and judgments in favour of the Parent Company in the earlier years, believes that the liabilities with respect to the above matters is not likely to arise and therefore, no provision is considered necessary in the financial statements.

35 Business Combination

The acquisition of the following businesses is accounted for using the acquisition method of accounting under Ind AS 103 Business Combinations.
In case of acquistions, the Goodwill is comprised of expected synergy benefit from combining operations and value of assembled work force which do not qualify for separate recognition.
Deferred purchase consideration in form of Earnouts is payable upon achievement of revenue and gross margin thresholds as specified in the agreements. The estimated range of outcome of payment of the same is assumed at 90%.

a) Update on Purchase price allocation of acquisiton of CAPIOT Group

During previous year ended March 31, 2021, the Group acquired 100% share capital of CAPIOT Software Private Limited, a company based in India, 100% share capital of CAPIOT Software Inc, a company based in USA, along with its wholly owned subsidiaries CAPIOT Software Pty Limited, a company based in Australia and CAPIOT Software Pte Limited, a company based in Singapore.
The acquisition of the said business was accounted for using the acquisition method of accounting on provisional basis availing the exemption under Ind AS 103.
Following are the results after conclusion of purchase price allocation exercise:

The fair value amount of consideration paid/payable is ₹ 667.12 million (including deferred purchase consideration of ₹ 208.12 million.)

(In ₹ Million)

Particulars	Total
Current Assets	
Cash and & cash equivalents	30.90
Trade receivables	70.62
Other current assets	171.75
Non-current assets	
Property, Plant and Equipment	7.00
Deferred tax asset	0.11
Contractual rights	121.16
Goodwill	469.82
Current liabilities	
Trade and other payables	119.95
Borrowings	84.29
Net assets	**667.12**

a) Entities acquisition

Persistent Systems Inc., a wholly owned Subsidiary of the Company acquired Software Corporation International LLC ("SCI") and its affiliate SCI Fusion360 LLC ("Fusion") (together referred to as "SCI Fusion Group"), on October 5, 2021.

SCI brings deep domain consulting capabilities specializing in Payment solutions, integration, and support services for an impressive portfolio of leading US Banks. Additionally, Fusion360 provides application development, maintenance, and support for leading Payment platforms including IBM's Financial Transaction Manager. These acquisitions enhance Persistent's capabilities and will serve as the foundation of a dedicated Payments business unit.

The fair value of amount of consideration is ₹ 3,388.17 million (including deferred purchase consideration of ₹ 792.37 million.)

Purchase price allocation :

Particulars	In ₹ Million
Current Assets	
Cash and & cash equivalents	49.01
Trade receivables	201.62
Other current assets	15.81
Other current financial assets	4.55
Non-current assets	
Property, Plant and Equipment	6.51
Acquired contratual rights	953.89
Non-compete rights	26.27
Goodwill	2,166.99
Subtotal	**3,424.65**
Current liabilities	
Trade and other payables	36.48
Subtotal	**36.48**
Net assets taken over	**3,388.17**

Revenue of ₹ 560.61 million for the period ended March 31, 2022 is included in the financial statements. The profit included for the period ended March 31, 2022 is ₹ 64.96 million.

Had the business combination been effected on April 1, 2021, the revenue for the year ended March 31, 2022 for the Company from the continuing operations would have been ₹ 57,717.07 million and the net profit for the year ended March 31, 2022 would have been ₹ 6,962.44 million.

c) **Business acquisitions**

a. Shree Infosoft Pvt. Ltd. and Shree Partners LLC

(1) On November 18, 2021 the Parent Company has entered into an Agreement effecting business acquisition of Shree Infosoft Pvt. Ltd., India ('Shree Infosoft') on September 29, 2021 to acquire its customer relations together with the skilled employees and processes.
Along with this transaction, Persistent Systems Inc., the wholly owned subsidiary of the Parent company, has entered into an Agreement effecting business acquisition of Shree Partners LLC, USA, ("Shree Partners").
After the acquisition of business, the Group does not hold any equity interest in Shree Infosoft and Shree Partners. The acquisition will strengthen the Group's presence in innovative cloud, infrastructure and solutions in artificial intelligence and machine learning. Its acquisiton will help the Group meet the growing needs of its clients and it also add a new point of presence in NCR, India, additional industry capabilities.

(2) The acquisition of the said businesses is accounted for using the acquisition method of accounting under Ind AS 103. The Group is in the process of performing the complete exercise of purchase price allocation of assets and liabilities assumed as at the reporting date. The Group has exercised the option available under Ind AS 103, which provides the Group a period of twelve months from the acquisition date for completing the accounting of purchase price allocation on provisional basis.

The fair value of amount of consideration paid/payable recognised on provisional basis is ₹ 491.97 million (including deferred purchase consideration of ₹ 198.45 million.)

(3) Based on provisional purchase price allocation exercise, the Group has recognised the following assets:

Particulars	In ₹ Million
Non-current assets	
Property, Plant and Equipment	1.97
Provisional intangible assets*	483.27
Total assets	**485.24**

*Based on provisional purchase price allocation, the Group has recognised the provisional intangible assets represented by contractual rights amounting to ₹ 245.44 millic and goodwill amounting to ₹ 237.83 million

b. Data Glove Group

(1) On March 1, 2022 the Group acquired businesses from Data Glove IT Solutions Private Ltd, India, Data Glove Inc., USA and its affiliate entities based out of Australia, UK,Singapore and Costa Rica (together referred to as "Data Glove Group"). The Data Glove Group businesses comprise of Microsoft Cloud Modernization Services Partnership with Gold level competencies in Azure Cloud Platform, Data Center, Application Development and Data Analytics, Application Integration. After the acquisition of business, the Group does not hold any equity interest except in Data Glove IT Solutions Limitada. This acquisition will help the Group enhance its partnership and expand expertise in Azure-based digital transformation, enabling it to capture a larger share of this high growth market. This acquisition also broadens the Group's delivery capabilities with highly skilled talent, establishing a new nearshore delivery center in Costa Rica and expanding its presence in the US and India.

(2) The acquisition of the said businesses is accounted for using the acquisition method of accounting under Ind AS 103. The Group is in the process of performing complete exercise of purchase price allocation of assets and liabilities assumed as at the reporting date. The Group has exercised the option available under Ind AS 1 which provides the Group a period of twelve months from the acquisition date for completing the accounting of purchase price allocation on provisional basis.

The fair value of amount of consideration paid/payable recognised on provisional basis is ₹ 6,182.36 million (including deferred purchase consideration of ₹ 2,364.09 milli

(3) Based on provisional purchase price allocation exercise, the Group has recognised the following assets:

Particulars	In ₹ Million
Current Assets	
Cash and & cash equivalents	12.06
Trade receivables	19.67
Other current assets	0.08
Other current financial assets	34.30
Non-current assets	
Property, Plant and Equipment	5.04
Provisional intangible assets*	6,168.47
Subtotal	**6,239.62**
Current liabilities	
Trade and other payables	57.25
Subtotal	**57.25**
Net assets taken over	**6,182.37**

*Based on provisional purchase price allocation, the Group has recognised the provisional intangible assets represented by contractual rights amounting to ₹ 3,061.98 million and goodwill amounting to ₹ 3,106.49 million.

36 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules to determine the financial impact are published.

37 Finance costs include interest on lease liability of ₹ 84.06 million under finance costs (Previous year ₹ 57.53 million) and notional interest on amounts due to selling shareholders ₹ 15.73 million (Previous year: Nil).

38 The Parent Company has deposits of ₹ 430 million with the financial institutions viz. Infrastructure Leasing & Financial Services Ltd. (IL&FS) and IL&FS Financial Services Ltd. (referred to as "IL&FS Group") as on the balance sheet date. These were due for maturity from January 2019 to June 2019. In view of the uncertainty prevailing with respect to recovery of outstanding balances from IL&FS Group, Management of the Parent Company has fully provided for these deposits, along with interest accrued thereon till the date the deposits had become doubtful of recovery. The Management is hopeful of recovery though with a time lag. The Parent Company continues to monitor developments in the matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposits.

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

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 22:41:13 +05'30'

Shashi Tadwalkar
Partner
Membership No. :- 101797

Place: Pune
Date : April 27, 2022

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra
Sandeep Kalra (Apr 27, 2022 19:31 GMT+5.5)

Anand Deshpande

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune	Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022	Date : April 27, 2022

Sunil Sapre
Sunil Sapre (Apr 27, 2022 18:30 GMT+5.5)

Amit Atre
Amit Atre (Apr 27, 2022 18:05 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022

. (Apr 27, 2022 18:04 GMT+5.5)

. (Apr 27, 2022 19:37 GMT+5.5)

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Independent Auditor's Report on the Audit of the Condensed Interim Standalone Financial Statements for the quarter and year ended 31 March 2022

To the Members of Persistent Systems Limited

Opinion

1. We have audited the accompanying condensed interim standalone financial statements of **Persistent Systems Limited** ('the Company'), which comprise the Condensed Balance Sheet as at **31 March 2022**, the Condensed Interim Statement of Profit and Loss (including Other Comprehensive Income) for the quarter and year then ended, the Condensed Statement of Cash Flow and the Condensed Statement of Changes in Equity for the year ended 31 March 2022, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed interim standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in accordance with Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other generally accepted accounting principles in India, of the state of affairs of the Company as at 31 March 2022, and its profit (including other comprehensive income) for the quarter and year then ended, its cash flows and the changes in equity for the year ended 31 March 2022.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Condensed Interim Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the condensed interim standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiok & Co LLP is registered with limited liability with identification number AAC-2085 and has its registered office at L-41, Connaught Circus, Outer Circle, New Delhi, 110001, India

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

4. The accompanying condensed interim standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these condensed interim standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, in accordance with Ind AS 34 specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the condensed interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

5. In preparing the condensed interim standalone financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

6. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Condensed Interim Standalone Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the condensed interim standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed interim standalone financial statements.

8. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

Chartered Accountants

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed interim standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the condensed interim standalone financial statements, including the disclosures, and whether the condensed interim standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 22:27:36 +05'30'

Shashi Tadwalkar
Partner

Membership No:101797

UDIN:22101797AHXPFB7947

Place: Pune
Date: 27 April 2022

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

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Persistent Systems Limited

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2022

	Notes	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
ASSETS			
Non-current assets			
Property, plant and equipment	5.1	2,733.61	2,270.24
Capital work-in-progress		1,071.02	112.33
Right of use assets	5.2	671.63	314.62
Other intangible assets	5.3	780.73	171.65
		5,256.99	2,868.84
Financial assets			
- Investments	6	8,734.81	7,779.54
- Loans	7	3,943.68	-
- Other non current financial assets	8	226.68	77.99
Deferred tax assets (net)	9	266.72	245.74
Other non-current assets	10	557.98	419.73
		18,986.86	**11,391.84**
Current assets			
Financial assets			
- Investments	11	4,346.91	6,374.95
- Trade receivables (net)	12	4,426.84	2,966.26
- Cash and cash equivalents	13	563.67	862.72
- Bank balances other than cash and cash equivalents	14	6,038.02	7,387.00
- Loans	15	-	-
- Other current financial assets	16	3,708.73	2,113.12
Other current assets	17	1,371.26	1,656.93
		20,455.43	**21,360.98**
TOTAL		**39,442.29**	**32,752.82**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4	764.25	764.25
Other equity		32,424.60	26,890.99
		33,188.85	**27,655.24**
LIABILITIES			
Non- current liabilities			
Financial liabilities			
- Borrowings	18	3.70	5.54
- Lease liabilities	19	611.75	304.72
Provisions	20	245.54	240.94
		860.99	**551.20**
Current liabilities			
Financial liabilities			
- Borrowings	18	1.93	1.96
- Lease liabilities	19	146.51	73.82
- Trade payables	21		
-Dues of micro enterprises and small enterprises		10.30	30.20
-Dues of creditors other than micro enterprises and small enterprises		844.68	908.20
- Other financial liabilities	22	366.88	395.46
Other current liabilities	23	1,509.04	1,679.01
Provisions	24	2,269.73	1,145.59
Current tax liabilities (net)		243.38	312.14
		5,392.45	**4,546.38**
TOTAL		**39,442.29**	**32,752.82**
Summary of significant accounting policies	3		

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR Digitally signed by SHASHI TADWALKAR Date: 2022.04.27 22:27:57 +05'30'

Anand Deshpande

Shashi Tadwalkar
Partner

Membership No.: 101797

Place: Pune
Date : April 27, 2022

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra
Sandeep Kalra (Apr 27, 2022 18:06 GMT+5.5)

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune Date : April 27, 2022	Place: Pune Date : April 27, 2022	Place: Pune Date : April 27, 2022

Sunil Sapre
Sunil Sapre (Apr 27, 2022 17:19 GMT+5.5)

Amit Atre
Amit Atre (Apr 27, 2022 17:05 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune Date : April 27, 2022	Place: Pune Date : April 27, 2022

Persistent Systems Limited

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2022

	Notes	For the quarter ended		For the year ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Income					
Revenue from operations (net)	25	10,350.10	6,846.58	35,754.80	24,796.08
Other income	26	390.91	349.75	1,324.57	1,176.16
Total income (A)		**10,741.01**	**7,196.33**	**37,079.37**	**25,972.24**
Expenses					
Employee benefits expense	27.1	6,561.34	4,071.22	21,882.72	14,093.21
Cost of professionals	27.2	283.33	464.79	1,461.91	1,775.07
Finance costs (refer note 35)		17.24	11.21	68.78	38.21
Depreciation and amortization expense	5.4	258.34	155.52	837.57	566.79
Other expenses	28	1,030.42	592.63	3,707.78	2,818.76
Total expenses (B)		**8,150.67**	**5,295.37**	**27,958.76**	**19,292.04**
Profit before tax (A - B)		**2,590.34**	**1,900.96**	**9,120.61**	**6,680.20**
Tax expense					
Current tax		595.80	468.18	2,236.61	1,684.00
Tax charge in respect of earlier periods / years		13.48	-	13.48	2.74
Deferred tax charge/ (credit)		36.21	32.06	11.86	(57.40)
Total tax expense		**645.49**	**500.24**	**2,261.95**	**1,629.34**
Profit for the period / year (C)		**1,944.85**	**1,400.72**	**6,858.66**	**5,050.86**
Other comprehensive income					
Items that will not be reclassified to profit or loss (D)					
- Remeasurements of the defined benefit liabilities / asset (net of tax)		(98.21)	24.56	(190.82)	15.93
		(98.21)	**24.56**	**(190.82)**	**15.93**
Items that will be reclassified to profit or loss (E)					
- Effective portion of cash flow hedge (net of tax)		(64.57)	(53.44)	(97.66)	383.55
		(64.57)	**(53.44)**	**(97.66)**	**383.55**
Total other comprehensive income for the period / year (D) + (E)		**(162.78)**	**(28.88)**	**(288.48)**	**399.48**
Total comprehensive income for the period / year (C) + (D) + (E)		**1,782.07**	**1,371.84**	**6,570.18**	**5,450.34**
Earnings per equity share [Nominal value of share ₹10 (Previous year: ₹10)]	29				
Basic (In ₹)		25.45	18.33	89.74	66.09
Diluted (In ₹)		25.45	18.33	89.74	66.09
Summary of significant accounting policies	3				

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 22:28:12 +05'30'

Shashi Tadwalkar
Partner

Membership No.: 101797

Place: Pune
Date : April 27, 2022

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra (Apr 27, 2022 18:06 GMT+5.5)

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune	Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022	Date : April 27, 2022

Sunil Sapre (Apr 27, 2022 17:19 GMT+5.5)

Amit Atre (Apr 27, 2022 17:05 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022

Place: Pune
Date : April 27, 2022

Persistent Systems Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR YEAR ENDED MARCH 31, 2022

		For the year ended	
		March 31, 2022 In ₹ Million	March 31, 2021 In ₹ Million
Cash flows from operating activities			
Profit before tax		**9,120.61**	**6,680.20**
Adjustments for:			
Interest income		(593.58)	(548.82)
Finance cost		68.78	38.21
Dividend income		(53.16)	(131.45)
Depreciation and amortization expense		837.57	566.79
Unrealised exchange loss (net)		26.38	151.02
Exchange loss / (gain) on derivative contracts		79.38	(169.80)
Exchange loss on translation of foreign currency cash and cash equivalents		0.29	23.15
Bad debts		12.12	46.96
Change in provision for expected credit loss (net)		(29.97)	(20.20)
Employee stock compensation expenses		739.52	236.33
Remeasurements of the defined benefit liabilities / assets (before tax effects)		(190.82)	15.93
Excess provision in respect of earlier years written back		(15.53)	-
Profit on sale/ fair valuation of financial assets designated as FVTPL		(338.78)	(344.43)
(Profit) / loss on sale of Property, Plant and Equipment (net)		(12.31)	8.10
Operating profit before working capital changes		**9,650.50**	**6,551.99**
Movements in working capital :			
Increase in other non current assets		(40.48)	(78.73)
(Increase) / Decrease in other non current financial assets		(70.68)	37.02
(Increase) / Decrease in other current financial assets		(1,594.52)	363.88
Decrease/ (Increase) in other current assets		285.67	(171.56)
Increase in trade receivables		(1,470.96)	(312.65)
Increase in trade payables, current liabilities and non current liabilities		273.76	1,059.46
Increase in provisions		1,144.27	613.36
Operating profit after working capital changes		**8,177.56**	**8,062.77**
Direct taxes paid (net of refunds)		(2,318.85)	(1,494.81)
Net cash generated from operating activities	**(A)**	**5,858.71**	**6,567.96**
Cash flows from investing activities			
Payment towards capital expenditure (including intangible assets, capital advances and capital creditors)		(2,728.84)	(707.24)
Acquisition assets through business combination		(628.87)	-
Proceeds from sale of Property, Plant and Equipment		13.19	4.13
Investment in wholly owned subsidiaries		(645.52)	(376.61)
Loan to ESOP trust		(3,522.00)	-
Purchase of bonds		(711.90)	(712.18)
Proceeds from sale of bonds		499.95	350.53
Investments in mutual funds		(33,456.80)	(24,591.91)
Proceeds from sale / maturity of mutual funds		35,762.24	25,068.92
Maturity / (Investments) in bank deposits having original maturity over three months		1,249.81	(4,464.82)
Investment in deposit with financial institutions		(100.00)	-
Inter corporate deposits given to wholly owned subsidiary		(419.59)	-
Interest received		709.07	359.89
Dividend received		53.16	131.45
Net cash used in investing activities	**(B)**	**(3,926.10)**	**(4,937.84)**
Cash flows from financing activities			
Repayment of long term borrowings		(1.84)	(4.54)
Specific project related grant received		-	9.00
Payment of lease liabilities		(173.67)	(173.11)
Dividend paid		(1,987.05)	(1,069.95)
Interest paid		(68.81)	(38.28)
Net cash used in financing activities	**(C)**	**(2,231.37)**	**(1,276.88)**

Persistent Systems Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR YEAR ENDED MARCH 31, 2022

	For the year ended	
	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	(298.76)	353.24
Cash and cash equivalents at the beginning of the year	862.72	532.63
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(0.29)	(23.15)
Cash and cash equivalents at the end of the period/ year	**563.67**	**862.72**
Components of cash and cash equivalents		
Cash on hand (refer note 13)	0.09	0.10
Balances with banks		
On current accounts # (refer note 13)	302.74	360.22
On saving accounts (refer note 13)	1.64	1.33
On deposit account with maturity of less than three months (Refer note 13)	-	292.50
On exchange earner's foreign currency accounts (refer note 13)	259.20	208.57
Cash and cash equivalents	**563.67**	**862.72**

Of the cash and cash equivalent balance as at March 31, 2022, the Company can utilise ₹ 35.75 million (Previous year: ₹ 154.39 million) only towards certain predefined activities specified in the agreement.

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 22:28:29 +05'30'

Shashi Tadwalkar
Partner

Membership No.: 101797

Place: Pune
Date : April 27, 2022

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra (Apr 27, 2022 18:06 GMT+5.5)

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune	Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022	Date : April 27, 2022

Sunil Sapre (Apr 27, 2022 17:19 GMT+5.5)

Amit Atre (Apr 27, 2022 17:05 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022

Place: Pune
Date : April 27, 2022

Persistent Systems Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED MARCH 31, 2022

A. Equity share capital

(Refer note 4)

(In ₹ Million)

Balance as at April 1, 2021	Changes in equity share capital during the period	Balance as at March 31, 2022
764.25	-	764.25

(In ₹ Million)

Balance as at April 1, 2020	Changes in equity share capital during the year	Balance as at March 31, 2021
764.25	-	764.25

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Persistent Systems Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED MARCH 31, 2022

B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus					Items of other comprehensive income	Total
	General reserve	Share options outstanding reserve	Capital redemption reserve	Special economic zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2021	14,356.35	471.20	35.75	-	11,888.23	139.46	26,890.99
Profit for the period	-	-	-	-	6,858.66	-	6,858.66
Other comprehensive income for the period	-	-	-	-	(190.82)	(97.66)	(288.48)
Dividend	-	-	-	-	(1,987.05)	-	(1,987.05)
Transfer to general reserve	2,743.46	-	-	-	(2,743.46)	-	-
Adjustments towards employees stock options	276.84	(276.84)	-	-	-	-	-
Employee stock compensation expenses	-	739.52	-	-	-	-	739.52
Employee stock compensation expenses of subsidiaries	-	210.96	-	-	-	-	210.96
Balance as at March 31, 2022	**17,376.65**	**1,144.84**	**35.75**	**-**	**13,825.56**	**41.80**	**32,424.60**

(In ₹ Million)

Particulars	Reserves and surplus					Items of other comprehensive income	Total
	General reserve	Share options outstanding reserve	Capital redemption reserve	Special economic zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2020	12,227.23	290.51	35.75	49.95	9,861.78	(244.09)	22,221.13
Profit for the period	-	-	-	-	5,050.86	-	5,050.86
Other comprehensive income for the year	-	-	-	-	15.93	383.55	399.48
Dividend	-	-	-	-	(1,069.95)	-	(1,069.95)
Transfer to retained earnings	-	-	-	(49.95)	49.95	-	-
Transfer to general reserve	2,020.34	-	-	-	(2,020.34)	-	-
Adjustments towards employees stock options	108.78	(108.78)	-	-	-	-	-
Employee stock compensation expenses	-	236.33	-	-	-	-	236.33
Employee stock compensation expenses of subsidiaries	-	53.14	-	-	-	-	53.14
Balance as at March 31, 2021	**14,356.35**	**471.20**	**35.75**	**-**	**11,888.23**	**139.46**	**26,890.99**

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 22:28:46 +05'30'

Shashi Tadwalkar
Partner

Membership No.: 101797

Place: Pune
Date : April 27, 2022

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra (Apr 27, 2022 18:06 GMT+5.5)

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune	Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022	Date : April 27, 2022

Sunil Sapre (Apr 27, 2022 17:19 GMT+5.5)

Amit Atre (Apr 27, 2022 17:05 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022

Place: Pune
Date : April 27, 2022

Nature and purpose of reserves

a) General reserve

General reserve represents amounts transferred from profit/loss for the year and the amounts from Share options outstanding reserve to the extent they relate to exercise / expiry of employee share options. It is a free reserve in terms of section 2 (43) of the Companies Act, 2013.

b) Share options outstanding reserve

Share options outstanding reserve represents the cumulative expense recognized for equity-settled transactions at each reporting date until the employee share options are exercised / expired on which such amount is transferred to General reserve.

c) Capital redemption reserve

Capital redemption reserve represents the nominal value of the shares bought back and is created and utilised in accordance with Section 69 of the Companies Act, 2013.

d) Special Economic Zone re-investment reserve

The Special Economic Zone re-investment reserve is created out of the profit in terms of the provisions of Section 10AA(1)(ii) of the Income tax Act, 1961. The reserve has been utilised by the Company for acquiring new plant and machinery for the purpose of its business in accordance with Section 10AA(2) of the Income tax Act, 1961.

e) Cash flow hedge reserve

When a derivative is designated as cashflow hedging instrument the effective portion of changes in the fair value of derivative is recognised in Other comprehensive income (OCI) and accumulated in cashflow hedge reserve.

Cumulative gains or losses previously recognised in cashflow hedge reserve are recognised in the statement of profit and loss in the period in which such transaction occurs / hedging instruments are settled /cancelled.

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

1 Nature of operations

Persistent Systems Limited (the "Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a global company specializing in software products, services and technology innovation. The Company offers complete product life cycle services.

The Board of Directors approved the condensed interim financial statements for the year ended March 31, 2022 and authorised for issue on April 27, 2022.

2 Basis of preparation

2.1 Historical cost convention and Indian Accounting Standards

The condensed interim financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments and equity settled employee stock options which have been measured at fair value. 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 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.

These condensed interim financial statements are prepared in accordance with Indian Accounting Standard (Ind AS) 34 Interim Financial Reporting, as prescribed by Section 133 of the Companies Act 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 and guidelines issued by the Securities and Exchange Board of India (SEBI). These condensed interim financial statements do not include all the information required for a complete set of financial statements under the applicable financial reporting framework

2.2 Compliance with Ind AS

These condensed interm financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

2.3 New and amended standards adopted by the Company

The Company has applied the following amendment to Ind AS for the first time in it's annual reporting period commencing 1 April 2021:

- -Extension of COVID-19 related concessions - amendments to Ind AS 116
- -Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.4 New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

2.5 Reclassifications consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24 March 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from 1 April 2021.

Consequent to above, the company has changed the classification/presentation of (i) current maturities of long-term borrowings (ii) security deposits, in the current year.

The current maturities of long-term borrowings (including interest accrued) has now been included in the "Current borrowings" line item. Previously, current maturities of long-term borrowings and interest accrued were included in 'other financial liabilities' line item.

Further, security deposits (which meet the definition of a financial asset as per Ind AS 32) have been included in 'other financial assets' line item. Previously, these deposits were included in 'loans' line item.

The company has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1. The impact of such classifications is summarised below:

Balance Sheet (extract)	March 31, 2021 (Previously Reported)	Increase / (Decrease)	March 31, 2021 (Restated)
Non-current assets			
Loans	52.23	(52.23)	-
Other non-current financial assets	25.76	52.23	77.99
Current assets			
Loans	49.33	(49.33)	-
Other current financial assets	2,063.79	49.33	2,113.12
Current liabilities			
Other financial liabilities	397.42	(1.96)	395.46
Borrowings	-	1.96	1.96

3 Significant accounting policies

3.1 Use of estimates

The preparation of the condensed interm financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed appropriately. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the condensed interm financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the condensed interm financial statements.

3.2 Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Company has considered all possible impacts of COVID-19 in the preparation of these condensed interm financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition owing to changes in cost budgets of fixed price contracts, impact on leases, impact on effectiveness of its hedges and impact on the recoverable amount of goodwill. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the condensed interm financial statements may differ from that estimated as at the date of approval of these condensed interm financial statements owing to the nature and duration of COVID-19.

3.3 Critical accounting estimates

a) Revenue recognition

The Company's contracts with customers include promises to transfer multiple products and services to a customer. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgment.

Revenue from fixed price maintenance type contracts is recognized rateably on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period. Revenue from fixed-price maintenance type contracts is recognised rateably using a percentage-of-completion method when the pattern of benefits from the services rendered to the customer and the Company's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of a method to recognise such revenues requires judgment and is based on the promises in the contract and nature of the deliverables.

The Company uses the percentage-of-completion method in accounting for its other 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 revenue share 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 revenue share on the basis of historical trends of customer revenue.

b) Income taxes

The Company's major tax jurisdiction is India, though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

Management evaluates if the deferred tax assets will be realised in future considering the historical taxable income, scheduled reversals of deferred tax liabilities, projected future taxable income and tax-planning strategies. While the Management believes that the Company will realise the deferred tax assets, the amount of deferred tax asset realisable, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

c) Business combination

Business combinations are accounted for using Ind AS 103, Business Combinations, which requires the the acquirer to recognise the identifiable intangible assets and contingent consideration at fair value. Estimates are required to be made in determining the value of contingent consideration, value of option arrangements and intangible assets. These valuations are conducted by external valuation experts. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by the Management.

d) 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.

e) Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease periods relating to the existing lease contracts.

3.4 Summary of significant accounting policies

a) Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013 (the "Act"). Operating cycle is the time between the acquisition of resources / assets for processing and their realisation in cash and cash equivalents. Based on the nature of products/ services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months.

b) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use and is stated at cost. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use, cost of replacing part of the property, plant and equipment, cost of asset retirement obligations and borrowing costs for long term construction projects if the recognition criteria are met. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its original cost only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period 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.

c) Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. 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.

d) 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
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Plant and equipment (Solar Energy System)*	10 years
Furniture and fixtures*	5 years
Vehicles*	5 years

*For these classes of assets, based on a technical evaluation, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets.

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

Intangible assets are amortized on a straight-line basis over their estimated useful lives ranging from 3 to 6 years from the day the asset is made available for use.

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Depreciation methods, useful lives and residual values are reviewed periodically.

e) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

f) Leases

The Company assesses at the inception of contract whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset
(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
(iii) the Company has the right to direct the use of the asset

Where the Company is a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

The lease payments shall include fixed payments, variable lease payments based on an index or rate, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or statement of profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease expenses associated with these leases are recognized in the statement of profit and loss on a straight line basis.

Company as a lessor

At the inception of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Company recognises lease payments received under operating leases as income over the lease term on a straight line basis.

g) Impairment of Non-financial assets

The Company asesses at each reporting date, if 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.

h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company's business model refers to how it manages it's financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Non-derivative financial instruments

Subsequent measurement

Financial assets

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 asset at amortized cost or at FVTOCI, is classified as financial asset at FVTPL. Financial assets except derivative contracts included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

Financial liabilities

Financial liabilities at amortised cost

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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 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 FVTPL.

Investments in subsidiaries, associates and joint ventures

Investment in subsidiaries, associates and joint ventures are carried at cost.

Derivative financial instruments

The Company uses derivatives for economic hedging purposes. At the inception of hedging relationship, the Company documents the hedging relationship between the hedging instrument and hedged item including whether the changes in cash flows of the hedging instruments are expected to offset the changes in cash flows of the hedged items. The Company documents its objective and strategy for undertaking its hedging transactions.

Derivatives are initially recognised at fair value on the date a derivative contract is entered and are subsequently re-measured at fair value at each reporting date.

For cash flow hedges that qualify for hedge accounting, the effective portion of fair value of derivatives are recognised in cash flow hedging reserve within equity.

Gains or losses relating to the ineffective portion is immediately recognised in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit and loss or hedged future cash flows are no longer expected to occur.

Derivatives which do not qualify for hedge accounting are accounted as fair value through profit or loss.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss, except in case of equity instruments classified as FVOCI, where such cumulative gain or loss is not recycled to statement of profit and loss.

The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurrs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices, dealer quotes.

For equity instruments of unlisted companies, in limited circumstances, insufficient more recent information is available to measure fair value, or if there are a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. The Company recognises such equity instruments at cost, which is considered as appropriate estimate of fair value.

All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. Refer to the table on financial instruments by category below for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of 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.

i) Revenue recognition

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services. The Company's contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Income from software services and products

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

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.

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 revenue share is recognized in accordance with the terms of the relevant agreements.

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 Services Tax on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate.

Dividend

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.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for services or products tranferred to the customer. If the Company provides services or transfers products to the customer before the customer pays consideration or before the payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to provide services or transfer products to a customer for which the Company has received consideration (or an amount of consideration is due) from the total consideration.If the Company receives the consideration from the customer before the Company provides services or transfers products to the customer, a contract liability is recognised for the received consideration that is conditional.

j) Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets while grants related to expenses are deducted in reporting the related expenses in the income statement.

k) Foreign currency translation

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 converted 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 period in which they arise.

Translation of foreign operations

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) Retirement and other employee benefits

Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the eligible salary of the entitled employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

Gratuity

Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by the insurer is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

Leave encashment

The expected cost of accumulating leave encashment is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating leave encashment is recognized in the period in which the absences occur.

Long service awards

Long service awards are other long term benefits to all eligible employees, as per Company's policy. The cost of providing benefit under long service awards scheme is determined on the basis of 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.

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 Income Tax Act, 1961 enacted in India and 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.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the period in which the temporary differences originate.

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

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

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

n) Segment reporting

In accordance with para 4 of Notified Indian Accounting Standard 108 (Ind AS-108) "Operating Segments" the Company has disclosed segment information only in consolidated financial statements which are presented together with the standalone financial statements.

o) 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 condensed interm financial statements by the Board of Directors.

p) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate of the amount required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

r) Cash and cash equivalents

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

s) Share based payments

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest best on the non-market vesting and service conditions. It recognises the impact of the revisions to the original estimates, if any, in profit or loss with a corresponding adjustment to equity.

The expense or credit recognized in the statement of profit and loss for the year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense with a corresponding increase in stock options outstanding reserve in equity. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

The employee stock option expenses in respect of the employees of the subsidiaries are charged to the respective subsidiary.

s) Equity

Ordinary shares are classified as equity share capital. Incremental costs directly attributable to the issuance of new ordinary shares, share options and buyback are recognized as a deduction from equity, net of any tax effects.

t) Dividend

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

u) Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The acquisition cost is measured as the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree at fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in the acquired business, and
- Acquisition-date fair value of any previous equity interest in the acquired business

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase is recognized directly in equity as capital reserve.

v Goodwill/ Gain on bargain purchase

Goodwill represents the cost of business acquisition in excess of the Company's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized in the other comprehensive income as gain on bargain purchase. Subsequent to initial recognition, Goodwill is measured at cost less accumulated impairment losses.

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4. Share Capital

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Authorized shares (No. in million)		
200 (Previous year:200) equity shares of ₹10 each	2,000.00	2,000.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid-up shares (No. in million)		
76.43 (Previous year: 76.43) equity shares of ₹10 each	764.25	764.25
Issued, subscribed and fully paid-up share capital	**764.25**	**764.25**

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

The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

(In Million)

	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Amount ₹	No of Shares	Amount ₹
Number of shares at the beginning of the year	76.43	764.25	76.43	764.25
Less: Changes during the year	-	-	-	-
Number of shares at the end of the year	**76.43**	**764.25**	**76.43**	**764.25**

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors of Persistent Systems Limited, at its meeting held on January 20, 2022, declared an interim dividend of INR 20 per equity share of face value of INR 10 each for the Financial Year 2021-22.

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. However, no such prefrential amounts exist currently.

c) Aggregate number of shares bought back during the period of five years immediately preceding the reporting date

	For the period of five years ended March 31, 2022 No in Million	For the period of five years ended March 31, 2021 No in Million
Equity shares bought back	3.575	3.575

d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder*	As at March 31, 2022		As at March 31, 2021	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande and Mrs. Sonali Anand Deshpande	22.97	30.06	22.96	30.04
Schemes of HDFC Mutual Fund	3.45	4.51	5.37	7.03

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders / members.

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Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

5.1 Property, plant and equipment

(In ₹ Million)

	Freehold land	Buildings*	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (at cost)									
As at April 1, 2021	206.92	2,387.73	2,331.29	57.84	1,407.04	20.79	527.32	7.24	6,946.17
Additions	-	1.35	952.88	3.95	72.38	-	61.66	0.03	1,092.25
Additions through business combination (Refer note 33)	-	-	1.70	0.08	0.19	-	-	-	1.97
Disposals	-	-	11.96	3.87	90.21	-	31.14	-	137.18
As at March 31, 2022	**206.92**	**2,389.08**	**3,273.91**	**58.00**	**1,389.40**	**20.79**	**557.84**	**7.27**	**7,903.21**
Accumulated depreciation									
As at April 1, 2021	-	1,157.49	1,732.90	51.75	1,215.65	20.19	492.97	4.98	4,675.93
Charge for the period	-	96.38	435.14	2.93	54.70	0.60	39.25	0.97	629.97
Disposals	-	-	11.65	3.87	90.05	-	30.73	-	136.30
As at March 31, 2022	**-**	**1,253.87**	**2,156.39**	**50.81**	**1,180.30**	**20.79**	**501.49**	**5.95**	**5,169.60**
Net block									
As at March 31, 2022	**206.92**	**1,135.21**	**1,117.52**	**7.19**	**209.10**	**-**	**56.35**	**1.32**	**2,733.61**
As at March 31, 2021	**206.92**	**1,230.24**	**598.39**	**6.09**	**191.39**	**0.60**	**34.35**	**2.26**	**2,270.24**

5.2 Right of use assets

(In ₹ Million)

	Office premises	Leasehold land	Total
Gross block (at cost)			
As at April 1, 2021	443.17	37.50	480.67
Additions	495.78	-	495.78
Disposals	130.68	-	130.68
As at March 31, 2022	**808.27**	**37.50**	**845.77**
Accumulated depreciation			
As at April 1, 2021	164.87	1.18	166.05
Charge for the period	127.21	0.58	127.79
Disposals	119.70	-	119.70
As at March 31, 2022	**172.38**	**1.76**	**174.14**
Net block			
As at March 31, 2022	**635.89**	**35.74**	**671.63**
As at March 31, 2021	**278.30**	**36.32**	**314.62**

* Note: Building includes those constructed on leasehold land:

a) Gross block as on March 31, 2022 ₹ 1,455.94 million (Previous year ₹ 1,454.60 million)

b) Depreciation charge for the year ₹ 59.07 million (Previous year ₹ 59.04 million)

c) Accumulated depreciation as on March 31, 2022 ₹ 617.14 million (Previous year ₹ 558.07 million)

d) Net block value as on March 31, 2022 ₹ 838.80 million (Previous year ₹ 896.53 million)

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

5.1 Property, plant and equipment

(In ₹ Million)

	Freehold land	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (at cost)									
As at April 1, 2020	206.92	2,387.06	1,851.34	53.58	1,377.38	21.12	521.31	7.24	6,425.95
Additions	-	0.67	536.13	6.28	55.45	-	33.50	-	632.03
Disposals	-	-	56.18	2.02	25.79	0.33	27.49	-	111.81
As at March 31, 2021	**206.92**	**2,387.73**	**2,331.29**	**57.84**	**1,407.04**	**20.79**	**527.32**	**7.24**	**6,946.17**
Accumulated depreciation									
As at April 1, 2020	-	1,061.11	1,548.74	50.93	1,190.54	19.32	502.49	4.05	4,377.18
Charge for the year	-	96.38	228.33	2.84	50.87	1.12	17.86	0.93	398.33
Disposals	-	-	44.17	2.02	25.76	0.25	27.38	-	99.58
As at March 31, 2021	**-**	**1,157.49**	**1,732.90**	**51.75**	**1,215.65**	**20.19**	**492.97**	**4.98**	**4,675.93**
Net block									
As at March 31, 2021	**206.92**	**1,230.24**	**598.39**	**6.09**	**191.39**	**0.60**	**34.35**	**2.26**	**2,270.24**
As at March 31, 2020	**206.92**	**1,325.95**	**302.60**	**2.65**	**186.84**	**1.80**	**18.82**	**3.19**	**2,048.77**

5.2 Right of use assets

(In ₹ Million)

	Office premises	Leasehold land	Total
Gross block (at cost)			
As at April 1, 2020	358.91	37.50	396.41
Additions	176.95	-	176.95
Disposals	92.69	-	92.69
As at March 31, 2021	**443.17**	**37.50**	**480.67**
Accumulated depreciation			
As at April 1, 2020	126.41	0.60	127.01
Charge for the year	111.12	0.58	111.70
Disposals	72.66	-	72.66
As at March 31, 2021	**164.87**	**1.18**	**166.05**
Net block			
As at March 31, 2021	**278.30**	**36.32**	**314.62**
As at March 31, 2020	**232.50**	**36.90**	**269.40**

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5.3 Other intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Provisional Intangible Assets	Total
Gross block				
As at April 1, 2021	925.11	261.74	-	1,186.85
Additions	61.99	-	-	61.99
Addition through business combination (Refer note 33)	-	-	626.90	626.90
As at March 31, 2022	**987.10**	**261.74**	**626.90**	**1,875.74**
Accumulated amortization				
As at April 1, 2021	753.46	261.74	-	1,015.20
Charge for the period	68.52	-	11.29	79.81
As at March 31, 2022	**821.98**	**261.74**	**11.29**	**1,095.01**
Net block				
As at March 31, 2022	**165.12**	**-**	**615.61**	**780.73**
As at March 31, 2021	**171.65**	**-**	**-**	**171.65**

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2020	743.67	261.74	1,005.41
Additions	181.44	-	181.44
As at March 31, 2021	**925.11**	**261.74**	**1,186.85**
Accumulated amortization			
As at April 1, 2020	696.70	261.74	958.44
Charge for the year	56.76	-	56.76
As at March 31, 2021	**753.46**	**261.74**	**1,015.20**
Net block			
As at March 31, 2021	**171.65**	**-**	**171.65**
As at March 31, 2020	**46.97**	**-**	**46.97**

5.4 Depreciation and amortization expense

(In ₹ Million)

	For the quarter ended		For the year ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
On Property, plant and equipment	196.57	113.58	629.97	398.33
On Right of use assets	35.62	26.64	127.79	111.70
On Other intangible assets	26.15	15.30	79.81	56.76
	258.34	**155.52**	**837.57**	**566.79**

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

6. Non-current financial assets : Investments

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Investments carried at cost		
Unquoted investments		
Investments in equity instruments		
- In wholly owned subsidiary companies (Refer note 31)		
Persistent Systems, Inc.		
482 million (Previous year: 402 million) shares of USD 0.10 each, fully paid up	3,048.26	2,478.01
Persistent Systems Pte Ltd.		
0.50 million (Previous year: 0.50 million) shares of SGD 1 each, fully paid up	15.50	15.50
Persistent Systems France SAS		
1.50 million (Previous year: 1.50 million) shares of EUR 1 each, fully paid up	97.47	97.47
Persistent Systems Malaysia Sdn. Bhd.		
5.45 million (Previous year: 5.45 million) shares of MYR 1 each, fully paid up	102.25	102.25
Persistent Systems Germany GmbH		
11.6527 million (Previous year: 11.6527 million) shares of EUR 1 each, fully paid up	1,265.91	1,265.91
CAPIOT Software Private Limited		
0.1867 million (Previous year: 0.1867) shares of Rs. 10 each, fully paid up	483.71	376.61
- In associates		
Klisma e-Services Private Limited [Holding Nil (Previous year: 50%)] #		
Nil (Previous year : 0.005 million) shares of ₹ 10 each, fully paid up	-	0.05
Less : Impairment	-	(0.05)
	-	-
Total investments carried at cost (A)	**5,013.10**	**4,335.75**
Investments carried at amortised cost		
Quoted investments		
In bonds	2,801.81	2,557.92
[Market value ₹ 2,863.32 million (Previous year ₹2,727.32 million)]		
Add: Interest accrued on bonds	77.48	72.88
Total investments carried at amortised cost (B)	**2,879.29**	**2,630.80**
Designated as fair value through profit and loss		
Unquoted investments		
- Investments in mutual funds		
Fair value of long term mutual funds (Refer Note 6 (a))	836.42	806.99
	836.42	**806.99**
Unquoted investments		
-Others*		
Altizon Systems Private Limited		
3,766 equity shares (Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up	6.00	6.00
	6.00	**6.00**
Total investments carried at fair value (C)	**842.42**	**812.99**
Total investments (A) + (B) + (C)	**8,734.81**	**7,779.54**
Aggregate provision for diminution in value of investments	-	0.05
Aggregate amount of quoted investments	2,879.29	2,630.80
Aggregate amount of unquoted investments	5,855.52	5,148.79

Klisma e-Services Private Limited ('Klisma'), an Associate Company of the Company has been dissolved w.e.f. August 10, 2021 vide dissolution order passed by the Hon'ble National Company Law Tribunal, Mumbai Bench.

* Investments, where the Company does not have joint-control or significant influence including situations where such joint-control or significant influence is intended to be temporary, are classified as "investments in others"

6 (a) Details of fair value of investment in long term mutual funds

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Axis mutual fund	471.15	400.50
IDFC mutual fund	365.27	370.31
Sundaram mutual fund	-	36.18
	836.42	**806.99**

7. Non-current financial assets : Loans

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Carried at amortised cost		
Loan to related parties		
- Persistent Systems Germany GmbH	420.67	-
Add: Interest accrued but not due on loan	1.01	-
	421.68	**-**
Other loans and advances		
Unsecured, considered good		
Loan to ESOP trust	3,522.00	-
	3,522.00	**-**
Unsecured, credit impaired		
Inter-corporate deposit	0.58	0.58
Less: Impairment	(0.58)	(0.58)
	-	-
	3,943.68	**-**

8. Other non-current financial assets

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Considered good		
Carried at amortised cost		
Deposits with Bank (refer note 14)*	3.19	24.42
Add: Interest accrued but not due on deposits with Bank (refer note 14)	0.17	1.34
Deposits with banks	**3.36**	**25.76**
Deposit with financial institutions	100.00	-
Add: Interest accrued but not due on deposit with financial institutions	0.41	-
Deposits with financial institutions	**100.41**	**-**
Security deposits	122.91	52.23
Credit impaired		
Deposit with financial institutions	430.00	430.00
Add: Interest accrued but not due on deposit with financial institutions	0.98	0.98
Less: Credit impaired	(430.98)	(430.98)
Deposits with financial institutions	-	-
	226.68	**77.99**

* Out of the balance, fixed deposits of ₹ 3.03 million (Previous year : ₹ 24.09 million) have been earmarked against credit facilities and bank guarantees availed by the Company.

9. Deferred tax assets (net)

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Deferred tax liabilities		
Differences in book values and tax base values of block of property, plant and equipment and other intangible assets	87.05	41.87
Capital gains (net)	51.11	61.06
Cash flow hedges	14.06	46.90
	152.22	**149.83**
Deferred tax assets		
Provision for leave encashment	125.68	95.76
Provision for long service awards	67.97	64.97
Allowance for expected credit loss	21.19	28.85
Tax credit	56.61	62.37
Right of use asset and lease liability	30.21	26.36
Others	117.28	117.26
	418.94	**395.57**
Deferred tax assets (net)	**266.72**	**245.74**

10. Other non-current assets

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Capital advances (unsecured, considered good)	136.52	38.75
Prepayments	124.91	84.43
Balances with government authorities	296.55	296.55
	557.98	**419.73**

11. Current financial assets : Investments

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Designated as fair value through profit and loss		
- Unquoted investments		
Investments in mutual funds		
Fair value of current mutual funds (refer note '11(a)' below)	4,346.91	6,374.95
Total carrying amount of investments	**4,346.91**	**6,374.95**
Aggregate amount of quoted investments	**-**	**-**
Aggregate amount of unquoted investments	**4,346.91**	**6,374.95**

11(a) Details of fair value of current investment in mutual funds

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Aditya Birla Sun Life Mutual Fund	883.65	1,011.03
Axis Mutual Fund	672.70	824.68
Kotak Mutual Fund	521.63	478.21
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	472.88	-
IDFC Mutual Fund	457.54	911.72
DSP Mutual Fund	443.20	37.38
ICICI Prudential Mutual Fund	399.94	710.33
UTI Mutual Fund	337.68	723.19
SBI Mutual Fund	120.01	166.36
Sundaram mutual fund	37.68	-
HDFC Mutual Fund	-	963.10
L&T Mutual Fund	-	511.71
PGIM India Mutual Fund (formerly known as DHFL Pramerica Mutual Fund)	-	37.24
	4,346.91	**6,374.95**

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12. Trade receivables

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Unsecured, considered good*	4,426.84	2,966.26
Unsecured, credit impaired	84.21	118.29
	4,511.05	**3,084.55**
Less : Allowance for expected credit loss	(84.21)	(118.29)
	4,426.84	**2,966.26**
	4,426.84	**2,966.26**

*Includes dues from related parties (refer note 31)

13. Cash and cash equivalents

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Cash and cash equivalents as presented in cash flow statement		
Cash on hand	0.09	0.10
Balances with banks		
On current accounts#	302.74	360.22
On saving accounts	1.64	1.33
On exchange earner's foreign currency accounts	259.20	208.57
On deposit accounts with original maturity less than three months	-	292.50
	563.67	**862.72**

Of the cash and cash equivalent balance as at March 31, 2022, the Company can utilise ₹ 35.75 million (Previous year: ₹ 154.39 million) only towards certain predefined activities specified in the agreement.

14. Bank balances other than cash and cash equivalents

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Deposits with banks*	5,858.66	7,108.47
Add: Interest accrued but not due on deposits with banks	179.78	301.29
Deposits with banks (carried at amortised cost)	**6,038.44**	**7,409.76**
Less: Deposit with maturity more than twelve months from the balance sheet date disclosed under non-current financial assets (refer note 8)	(3.19)	(24.42)
Less: Interest accrued but not due on non-current deposits with banks (refer note 8)	(0.17)	(1.34)
	6,035.08	**7,384.00**
Balances with banks on unpaid dividend accounts**	2.94	3.00
	6,038.02	**7,387.00**

* Out of the balance, fixed deposits of ₹ 644.36 million (Previous year : ₹ 651.80 million) have been earmarked against credit facilities and bank guarantees availed by the Company.

** The Company can utilize these balances only towards settlement of the respective unpaid dividend.

15. Current financial assets : Loans

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Carried at amortised cost		
Loan to related parties (Refer note 31)		
Unsecured, credit impaired		
- Klisma e-Services Private Limited	-	27.43
	-	27.43
Less: Write off / impairment	-	(27.43)
	-	-
	-	-

16. Other current financial assets (refer note 31)

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	84.59	294.46
Carried at amortised cost		
Advances to related parties (Unsecured, considered good) (refer note 31)		
Persistent Systems, Inc.	69.15	18.72
Persistent Systems France SAS	5.49	0.38
Persistent Telecom Solutions Inc.	0.13	0.01
Persistent Systems Malaysia Sdn. Bhd.	0.07	-
Persistent Systems Lanka (Private) Limited	0.72	0.02
Aepona Limited	1.16	2.34
PARX Consulting GmbH	0.06	-
Software Corporation LLC.	0.25	-
Youperience Limited	0.04	-
Persistent Systems Mexico, S.A. de C.V	10.01	-
Youperience GmbH	0.04	-
Persistent Systems Pte. Ltd.	0.29	-
Aepona Group Limited	0.08	-
Persistent Systems Germany GmbH	1.48	-
PARX Werk AG	1.88	-
Persistent Systems Israel Ltd.	0.14	-
	90.99	**21.47**
Advances to related parties (Unsecured, credit impaired) (refer note 31)		
Klisma e-Services Private Limited	-	0.81
Less: Impairment of current financial assets	-	(0.81)
	-	-
Other advances (Unsecured, considered good)	-	21.79
Unbilled revenue	3,533.05	1,726.07
Security deposits	0.10	49.33
	3,708.73	**2,113.12**

17. Other current assets

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Advances to suppliers (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	277.27	136.47
Prepayments	498.68	251.85
Excess fund balance with Life Insurance Corporation of India	42.19	113.08
Other advances (Unsecured, considered good)		
VAT receivable (net)	19.67	23.44
Service tax and GST receivable (net) (refer note 32(a))	533.45	1,132.09
	553.12	**1,155.53**
	1,371.26	**1,656.93**

18. Non-current financial liabilities : Borrowings

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Unsecured borrowings carried at amortised cost		
Term loans		
Indian rupee loan from others	5.55	7.39
Interest accrued but not due on term loans	0.08	0.11
	5.63	**7.50**
Less: Current maturity of long-term borrowings	(1.85)	(1.85)
Less: Current maturity of interest accrued but not due on term loan	(0.08)	(0.11)
	(1.93)	**(1.96)**
	3.70	**5.54**

The term loans from Government departments have the following terms and conditions:

Loan amounting to ₹ 5.55 million (Previous year ₹ 7.39 million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from October 2015.

19. Lease liabilities

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Lease liabilities	758.26	378.54
Less: Current portion of lease liabilities	(146.51)	(73.82)
	611.75	**304.72**

Movement of lease liabilities

	For the year ended March 31, 2022 In ₹ Million	For the year ended March 31, 2021 In ₹ Million
Opening balance	378.54	356.64
Additions	495.78	176.95
Deletions	(10.98)	(20.03)
Add: Interest recognised during the period / year	68.59	38.09
Less: Payments made	(173.67)	(173.11)
Closing balance	**758.26**	**378.54**

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20. Non current liabilities : Provisions

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Provision for employee benefits		
- Long service awards	245.54	240.94
	245.54	**240.94**

21. Trade payables

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Trade payables for goods and services*		
-Dues of micro enterprises and small enterprises	10.30	30.20
-Dues of creditors other than micro enterprises and small enterprises	844.68	908.20
	854.98	**938.40**

*Includes dues payable to related parties (refer note 31)

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the period or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the period or on balance brought forward from previous year.

22. Other current financial liabilities

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Capital creditors	204.49	237.83
Accrued employee liabilities	119.21	154.58
Unpaid dividend *	2.94	3.00
Other liabilities	8.41	0.05
Payable to Selling Shareholders	31.83	-
	366.88	**395.46**

* Unpaid dividend is credited to Investor Education and Protection Fund as and when due.

23. Other current liabilities

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Unearned revenue	258.31	260.40
Advance from customers	786.98	1,023.53
Other payables		
- Statutory liabilities	413.55	228.03
- Other liabilities*	50.20	167.05
	1,509.04	**1,679.01**

*Includes balance of ₹ 35.64 million (previous year: ₹ 154.16 million) to be utilised against certain predefined activities specified in the agreement.

24. Current liabilities : Provisions

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Provision for employee benefits		
- Leave encashment	499.37	380.49
- Long service awards	24.54	17.19
- Other employee benefits	1,745.82	747.91
	2,269.73	**1,145.59**

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25. Revenue from operations (net) (refer note 31)

	For the quarter ended		For the year ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Software services	10,243.72	6,750.86	35,406.71	24,270.63
Software licenses	106.38	95.72	348.09	525.45
	10,350.10	**6,846.58**	**35,754.80**	**24,796.08**

26. Other income

	For the quarter ended		For the year ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Interest income				
On deposits carried at amortised cost	80.41	110.71	311.08	381.66
On others	96.44	41.81	282.50	167.16
Dividend income from investments*	53.16	-	53.16	131.45
Other non-operating income				
Foreign exchange gain (net)	72.59	128.53	208.93	67.12
Profit on sale of property, plant and equipment (net)	7.23	1.47	12.31	8.10
Net profit on sale/ fair valuation of financial assets designated as FVTPL	58.41	58.29	338.78	344.43
Excess provision in respect of earlier periods/ years written back	15.53	-	15.53	-
Miscellaneous income	7.14	8.94	102.28	76.24
	390.91	**349.75**	**1,324.57**	**1,176.16**

*includes dividend received from investment in wholly owned subsidiaries. (Refer note 31)

27. Personnel expenses

	For the quarter ended		For the year ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
27.1 Employee benefits expense				
Salaries, wages and bonus	5,876.20	3,644.89	19,766.82	12,806.57
Contribution to provident and other funds	335.50	197.46	1,016.64	666.24
Staff welfare and benefits	109.44	149.52	359.74	384.07
Share based payments to employees	240.20	79.35	739.52	236.33
	6,561.34	**4,071.22**	**21,882.72**	**14,093.21**
27.2 Cost of professionals				
- Related parties (refer note 31)	119.31	260.29	649.60	1,323.73
- Others	164.02	204.50	812.31	451.34
	283.33	**464.79**	**1,461.91**	**1,775.07**
	6,844.67	**4,536.01**	**23,344.63**	**15,868.28**

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28. Other expenses*

	For the quarter ended		For the year ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	36.65	(3.29)	151.53	39.58
Electricity expenses (net)	14.74	16.68	63.74	69.09
Internet link expenses	9.90	9.67	46.09	50.14
Communication expenses	16.35	4.98	60.91	73.17
Recruitment expenses	103.74	13.28	348.05	75.40
Training and seminars	50.69	3.17	99.17	23.97
Purchase of software licenses and support expenses	303.04	180.23	1,066.00	908.00
Bad debts	12.12	3.59	12.12	46.96
Reversal of allowance for expected credit loss (net)	(29.21)	(15.53)	(29.97)	(20.20)
Rent	20.00	18.01	73.22	77.50
Insurance	7.86	7.59	36.29	31.37
Rates and taxes	21.53	8.14	51.14	52.57
Legal and professional fees	61.04	79.26	238.09	196.13
Repairs and maintenance				
- Plant and Machinery	40.21	21.97	120.72	94.92
- Buildings	6.43	4.17	19.85	19.26
- Others	5.28	2.82	20.43	15.20
Selling and marketing expenses	272.94	196.37	1,028.63	739.82
Advertisement, conference and sponsorship fees	1.13	0.84	4.23	3.54
Computer consumables	2.80	1.07	5.39	3.14
Auditors' remuneration	3.71	4.65	8.92	9.00
Corporate social responsibility expenditure	45.53	2.02	115.53	163.93
Books, memberships, subscriptions	3.35	2.05	15.76	12.69
Directors' sitting fees	1.28	1.18	7.43	4.84
Directors' commission	4.99	2.36	20.83	10.22
Loss on receivables and investment in associate	-	-	28.29	-
Reversal of provision for receivables and investment in associate	-	-	(28.29)	-
Miscellaneous expenses	14.32	27.35	123.68	118.52
	1,030.42	**592.63**	**3,707.78**	**2,818.76**

* Includes expenses incurred with related parties (refer note 31)

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29. Earnings per share

		For the quarter ended		For the year ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Numerator for Basic and Diluted EPS					
Net profit after tax (In ₹ Million)	(A)	1,944.85	1,400.72	6,858.66	5,050.86
Denominator for Basic EPS					
Weighted average number of equity shares	(B)	76,425,000	76,425,000	76,425,000	76,425,000
Denominator for Diluted EPS					
Number of equity shares	(C)	76,425,000	76,425,000	76,425,000	76,425,000
Basic earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	**25.45**	**18.33**	**89.74**	**66.09**
Diluted earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	**25.45**	**18.33**	**89.74**	**66.09**

	For the quarter ended		For the year ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Number of shares considered as basic weighted average shares outstanding	76,425,000	76,425,000	76,425,000	76,425,000
Add: Effect of dilutive issues of stock options	-	-	-	-
Number of shares considered as weighted average shares and potential shares outstanding	**76,425,000**	**76,425,000**	**76,425,000**	**76,425,000**

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Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

30. Financial assets and liabilities

The carrying values of financial instruments by categories are as follows:

Financial assets/ Financial liabilities	March 31, 2022				March 31, 2021				Fair value hierarchy*
	FVTPL	FVTOCI	Amortised Cost	Cost	FVTPL	FVTOCI	Amortised Cost	Cost	
Financial Assets:									
Investments in subsidiaries and associates	-	-	-	5,013.10	-	-	-	4,335.75	
Investments in equity instruments	6.00	-	-	-	6.00	-	-	-	Level 3
Investments in bonds	-	-	2,879.29	-	-	-	2,630.80	-	
Investments in mutual funds	5,183.33	-	-	-	7,181.94	-	-	-	Level 1
Loans	-	-	3,943.68	-	-	-	-	-	
Deposit with banks and financial institutions (including interest accrued but not due on deposits with banks)	-	-	6,138.85	-	-	-	7,409.76	-	
Cash and cash equivalents (including unpaid dividend)	-	-	566.61	-	-	-	865.72	-	
Trade receivables (net)	-	-	4,426.84	-	-	-	2,966.26	-	
Forward contracts receivable	-	84.59	-	-	-	294.46	-	-	Level 2
Unbilled revenue	-	-	3,533.05	-	-	-	1,726.07	-	
Other non current financial assets	-	-	122.91	-	-	-	52.23	-	
Other current financial assets	-	-	91.09	-	-	-	92.59	-	
Total Financial Assets	**5,189.33**	**84.59**	**21,702.32**	**5,013.10**	**7,187.94**	**294.46**	**15,743.43**	**4,335.75**	
Financial Liabilities:									
Borrowings (including accrued interest)	-	-	5.63	-	-	-	7.50	-	
Trade payables	-	-	854.98	-	-	-	938.40	-	
Lease liabilities	-	-	758.26	-	-	-	378.54	-	
Other financial liabilities (excluding borrowings)	-	-	366.88	-	-	-	395.46	-	
Total Financial Liabilities	**-**	**-**	**1,985.75**	**-**	**-**	**-**	**1,719.90**	**-**	

***Fair value hierarchy:**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. In respect of equity instruments of unlisted companies, in limited circumstances, insufficient more recent information is available to measure fair value, or if there are a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. The Company recognises such equity instruments at cost, which is considered as appropriate estimate of fair value.

31. Related Party Transactions

Refer to the Company's annual financial statements for the ended March 31, 2022 for the full names and other details of the Company's related parties.

The Company's significant related party transactions during the period ended and outstanding balances as at March 31, 2022 and March 31, 2021 are with its related parties with whom the Company generally enters into transactions which are at arms length and in the ordinary course of business.

32. Contingent liabilities

Sr. No	Particulars	As at March 31, 2022	As at March 31, 2021
a)	**Claims against the company not acknowledged as debt***		
1	**Indirect tax matters**		
	(i) In respect to the order passed by the Learned Principal Commissioner of Service Tax, Pune, for Service tax under import of services on reverse charge basis for the Financial Year 2014-15, the Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017. The Company has paid ₹ 165.58 million under protest towards the demand and the same forms part of the GST receivable balance. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Company will be eligible to claim credit/refund for the amount paid.	173.78	173.78
	(ii) In respect of export incentives pertaining to previous periods amounting to ₹ 255.52 million, which have been refunded under protest with interest of ₹ 41.03 million, the Company has filed an application with Directorate General of Foreign Trade (DGFT). Based on the documents filed with relevant authorities and based on the consultations with subject matter specialists, the Company believes that its position is most likely be upheld on ultimate resolution.	296.55	296.55
	(iii) Other Pending litigations in respect of Indirect taxes.	13.53	27.33
2	**Income tax demands disputed in appellate proceedings.**	855.02	478.79
b)	**Guarantees and Letter of Comfort on behalf of Subsidiaries**		
1	Guarantees given on behalf of subsidiaries	770.78	1,109.08
2	Letters of comfort on behalf of subsidiary (USD 60 Million (Previous year : Nil))	4,547.40	-

*The Company, based on independent legal opinions and judgments in favour of the Company in the earlier years, believes that the liabilities with respect to the above matters is not likely to arise and therefore, no provision is considered necessary in the financial statements.

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33 Business Combination

a. Shree Infosoft Pvt. Ltd

(1) On November 18, 2021 the Company acquired business of implementing and maintaining innovative cloud, infrastructure, data, and AI/ML solutions from Shree Infosft Pvt. Ltd, India ('Shree Infosoft'). After the acquisition of business, the Company does not hold any equity interest in Shree Infosoft. The acquisition will strengthen the Company's presence in innovative cloud, infrastructure and solutions in artificial intelligence and machine learning. Its acquisiton will help the Company meet the growing needs of its clients and it also add a new point of presence in NCR, India, additional industry capabilities.

(2) The acquisition of the said businesses is accounted for using the acquisition method of accounting under Ind AS 103. The Company is in the process of performing the complete exercise of purchase price allocation of assets and liabilities assumed as at the reporting date. The Company has exercised the option available under Ind AS 103, which provides The Company a period of twelve months from the acquisition date for completing the accounting of purchase price allocation on provisional basis.

The fair value of amount of consideration paid/payable recognised on provisional basis is ₹ 108.71 million.

(3) Based on provisional purchase price allocation, the Company has recognised Property, Plant and Equipment amounting to ₹ 1.97 Million and provisional intangible assets represented by contractual rights amounting to ₹ 85 Million and goodwill amounting to ₹ 21.74 Million.

b. Data Glove IT Solutions Private Limited

(1) On March 1, 2022 the Company acquired business from Data Glove IT Solutions Private Ltd. which comprise of Microsoft Cloud Modernization Services Partnership with Gold level competencies in Azure Cloud Platform, Data Center, Application Development and Data Analytics, Application Integration. After the acquisition of business, the Company does not hold any equity interest in Data Glove IT Solutions Private Ltd. This acquisition will help Persistent enhance its partnership and expand expertise in Azure-based digital transformation, enabling us to capture a larger share of this high growth market. This acquisition also broadens the company's delivery capabilities with highly skilled talent, establishing a new nearshore delivery center in Costa Rica and expanding its presence in the US and India.

(2) The acquisition of the said businesses is accounted for using the acquisition method of accounting under Ind AS 103. The Company is in the process of performing the complete exercise of purchase price allocation of assets and liabilities assumed as at the reporting date. The Company has exercised the option available under Ind AS 103, which provides The Company a period of twelve months from the acquisition date for completing the accounting of purchase price allocation on provisional basis.

The fair value of amount of consideration paid/payable recognised on provisional basis is ₹ ₹ 520.16 Million.

(3) Based on provisional purchase price allocation, the Company has recognised provisional intangible assets represented by contractual rights amounting to ₹ 420.31 Million and goodwill amounting to ₹ 99.85 Million.

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34 The Company has deposits of ₹ 430 million with the financial institutions viz. Infrastructure Leasing & Financial Services Ltd. (IL&FS) and IL&FS Financial Services Ltd. (referred to as "IL&FS Group") as on the balance sheet date. These were due for maturity from January 2019 to June 2019. In view of the uncertainty prevailing with respect to recovery of outstanding balances from IL&FS Group, Management of the Company has fully provided for these deposits along with interest accrued thereon till the date the deposits had become doubtful of recovery. The Management is hopeful of recovery though with a time lag. The Company continues to monitor developments in the matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposits.

35 The Company has recognized notional interest on lease liability of ₹ 68.59 million (Previous year: ₹ 38.09 million) under finance cost as required by Ind AS 116: Leases.

36 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

37 The condensed interim financial statements are presented in ₹ Million and decimal thereof except for per share information or as otherwise stated.

38 Previous period's / year's figures have been regrouped where necessary to conform with the current year's classification.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 22:29:43 +05'30'
Anand Deshpande

Shashi Tadwalkar

Partner
Membership No.: 101797

Place: Pune
Date : April 27, 2022

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra
Sandeep Kalra (Apr 27, 2022 18:06 GMT+5.5)

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune	Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022	Date : April 27, 2022

Sunil Sapre
Sunil Sapre (Apr 27, 2022 17:19 GMT+5.5)

Amit Atre
Amit Atre (Apr 27, 2022 17:05 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022

Place: Pune
Date : April 27, 2022

. (Apr 27, 2022 17:04 GMT+5.5)

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Independent Auditor's Report

To the Members of Persistent Systems Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of **Persistent Systems Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at **31 March 2022**, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

   In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associate, as at 31 March 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 13 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

3. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, associate, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

4. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key audit matter	How our audit addressed the key audit matter
1.	**Accuracy of revenues and onerous obligations in respect of fixed-price contracts** Refer Notes 4.4(i) notes forming part of the Consolidated Financial Statements. The Company has entered into various fixed-price software development contracts, for which revenue is recognized by the Company using the percentage of completion computed as per the Input method prescribed under Ind AS 115 Revenue from Contracts with Customers. The said revenue recognition accounting policy involves exercise of significant judgement by the management and the following factors requiring significant auditor attention: • High inherent risk around accuracy of revenue, given the customised and complex nature of these contracts and significant involvement of IT systems. • High estimation uncertainty relating to determination of the progress of each contract, costs incurred till date and additional costs required to complete the remaining contract. • Identification and determination of onerous contracts and related obligations. • Determination of unbilled revenue receivables and unearned revenue related to these contracts as at end of reporting period. Considering the materiality of the amounts involved, and significant degree of judgement and subjectivity involved in the estimates as mentioned above, we have identified revenue recognition for fixed price contracts and determination of onerous contracts and related provisions, as a key audit matter for the current year audit.	Our audit work included but was not restricted to the following procedures: • Obtained an understanding of the systems, processes and controls implemented by management for recording and calculating revenue, and the associated unbilled revenue, unearned and deferred revenue balances, and onerous contract obligations. • Tested the design and operating effectiveness of related manual controls and involved auditor's experts to assess key information technology (IT) controls over: ➢ IT environment in which the business systems operate, including access controls, segregation of duties, program change controls, program development controls and IT operation controls; and ➢ Testing the IT controls over the completeness and accuracy of cost/efforts and revenue reports generated by the system; and ➢ Testing the access and application controls pertaining to allocation of resources and budgeting systems which prevents the unauthorized changes to recording of efforts incurred and controls relating to the estimation of contract efforts required to complete the project. • Selected a sample of contracts and performed a retrospective review of efforts incurred with estimated efforts to identify significant variations and verify whether those variations have been considered in estimating the remaining efforts to complete the contract. • Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations.

Sr. No.	Key audit matter	How our audit addressed the key audit matter
		• Performed analytical procedures for reasonableness of incurred and estimated efforts. • Evaluated management's identification of onerous contracts based on estimates tested as above. • Evaluated the appropriateness of disclosures made in the financial statements with respect to revenue recognized during the year as required by applicable Indian Accounting Standards.
2.	**Contingent liabilities relating to export incentive litigation** Refer Note 42 – notes forming part of the Consolidated Financial Statements regarding dispute on export incentives scrips awarded to the Group. The Group in previous years has deposited under protest ₹ 296.55 million with the Directorate General of Foreign Trade pursuant to the Summons received from the Directorate of Revenue Intelligence ('DRI') and have made a corresponding application with the relevant authorities. Further in the previous year, the Group has received Show Cause Notice ('SCN') from DRI, claiming that the Group is not eligible for the benefit under the scheme and if the Group has wrongfully claimed such benefits, it will be liable for such consequential penalties. The management based their assessment and interpretation of various applicable rules, regulations, practices and precedents, and based on various documents filed with relevant authorities to avail these claims, believes that they have a strong case and the export incentives of ₹ 296.55 million deposited under protest are fully recoverable. Accordingly, the duty paid under protest, has been presented as receivable from government authority and has been correspondingly disclosed under contingent liability. In view of the amounts involved and uncertainty pertaining to the final outcome of the matter requiring significant management judgement in determination of recoverability of the aforesaid balance with respect to the said litigation, this matter is considered as a key audit matter for the current year's audit.	Our audit work included but was not restricted to the following procedures: • Obtained an understanding of the Company's process and the underlying controls for identification and monitoring of the pending litigations and completeness of such litigations for financial reporting • Assessed the appropriateness of the Company's accounting policies relating to provisions and contingent liability disclosure, in accordance with the applicable Indian Accounting Standards • Discussed developments during the year in the export incentive matter with the management and obtained opinion from the management's expert. • Obtained the documents for various correspondences made between the Group and the respective departments. • Involved auditor's expert to test the management's underlying assumptions in estimating the export incentive benefits and the possible outcome of the matters. This involved assessing the probability of an unfavourable outcome of a given proceeding and the reliability of estimates of related amounts which involved consideration of legal precedence and other rulings and expert opinion obtained by the management. • Assessed adequacy and appropriateness of the contingent liability disclosure in Note 42 to determine whether management has presented the facts and circumstances adequately.

Sr. No.	Key audit matter	How our audit addressed the key audit matter
3.	**Business Combinations** Refer Note 44 notes forming part of the Consolidated Financial Statements. During the year ended 31st March 2022, the Company has completed acquisitions of Capiot Group, Shree Infosoft India Limited, Shree Partners LLC, Software Corporation International and SCI Fusion 360, LLC, Data Glove Group comprising intellectual property (software) and related customer contracts, under slump sale arrangement for total consideration of ₹ 10,722.91 million, based on Share/Asset Purchase Agreements and other related arrangements. The Company has primarily acquired Customer related intangibles and commitment on non-compete as a result of this acquisition. The Company has accounted for aforementioned business acquisitions in accordance with Ind AS 103, Business Combinations, which requires the recognition of identifiable assets and liabilities including identifiable intangibles, in a business combination at fair value on the date of acquisition, with the excess of the acquisition price over such identified fair values recognised as goodwill. Management has appointed an independent valuation expert to allocate the purchase price to the identifiable assets and liabilities and identified intangible assets. Basis the procedure performed for purchase price allocation, management represents that the identifiable assets and liabilities including identifiable intangible assets and resulting goodwill are disclosed at the fair values as on the date of acquisition. Further, on the basis of the management estimates on the future growth of the acquired business and certain other assumptions and valuation model applied, the recoverable amount of the goodwill recognised on business combination as stated above exceeds its carrying value as at 31st March 2022.	Our audit work included but was not restricted to the following procedures: • Obtained an understanding of the terms and conditions of the purchase agreement and the consideration transferred to assess the control over the business and the acquisition date, in accordance with Ind AS 103, by obtaining required understanding and representations from the Company; • Obtained report of the management's external valuation specialist for the valuation of intangibles including the purchase price allocation and assessed the competence, capabilities and objectivity of the management's expert and gained an understanding of the work done by the valuation expert; • Assessed the reasonableness of the management estimates and judgements used to fair value the identifiable assets and liabilities and identifiable intangible assets; • Tested the identifiable assets and liabilities which form part of working capital including any adjustment thereof, to assess the reasonableness / appropriateness of the amounts used for purchase price allocation; • Involved our auditor's internal valuation experts to assist us in validating the valuation assumptions and methodology considered by the management's expert to allocate the purchase price to identifiable assets and liabilities; • Assessed the reasonableness of the recoverable amount of goodwill recorded as on the date of acquisition by evaluating the valuation model applied including the management estimates and judgement; • Evaluated the appropriateness and adequacy of disclosures given in the standalone financial statements, including disclosure of significant assumptions and judgements, in accordance with applicable accounting standards.

Sr. No.	Key audit matter	How our audit addressed the key audit matter
	We have considered the above business combinations to be a matter of most significance to our current year audit considering the materiality of the amounts involved, complexity involved in valuation, significant judgements and estimates in relation to the accounting as per the requirements of Ind AS 103 including ascertainment of acquisition date, assessment of fair values of assets and liabilities recognised on acquisition, judgement applied in identification and measurement of intangible assets and therefore, it has been identified as a key audit matter for the current year audit.	

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

5. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associate in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

6. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

7. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

9. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.;

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

   - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, and its associate, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

13. We did not audit the financial statements of twenty two subsidiaries, whose financial statements reflect total assets of ₹5,579.46 million and net assets of ₹ 2,075.59 million as at 31 March 2022, total revenues of ₹ 5,782.68 million and net cash inflows amounting to ₹ 312.85 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

14. As required by section 197(16) of the Act, based on our audit we report that the Holding Company, covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to twenty three subsidiary companies, and one associate company covered under the Act since none of such companies is a public company as defined under section 2(71) of the Act.

15. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.

16. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiary companies, covered under the Act, none of the directors of the Group companies are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies, associate company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate as detailed in Note 42 to the consolidated financial statements;

   ii. The Holding Company and its subsidiary companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and associate during the year ended 31 March 2022};

h) The dividend declared or paid during the year ended 31 March 2022 by the Holding Company and its subsidiary companies is in compliance with section 123 of the Act.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 22:14:05 +05'30'

Shashi Tadwalkar
Partner
Membership No:101797

UDIN:22101797AHXQAO2838

Place: Pune
Date: 27 April 2022

Annexure 1

List of entities included

Sr. No.	Name of Entity	Relationship
1	Persistent Systems Limited (PSL)	Holding Company
2	Persistent Systems, Inc. (PSI)	Wholly owned subsidiary of PSL
3	Persistent Systems Pte Ltd.	Wholly owned subsidiary of PSL
4	Persistent Systems France SAS	Wholly owned subsidiary of PSL
5	Persistent Systems Malaysia Sdn. Bhd.	Wholly owned subsidiary of PSL
6	Persistent Systems Germany GmbH (PSGG)	Wholly owned subsidiary of PSL
7	Persistent Telecom Solutions Inc.	Wholly owned subsidiary of PSI
8	Aepona Group Limited (AGL)	Wholly owned subsidiary of PSI
9	Aepona Limited	Wholly owned subsidiary of AGL
10	Youperience GmbH (YGmbH)	Wholly owned subsidiary of PSGG
11	Youperience Limited	Wholly owned subsidiary of YGmbH
12	Persistent Systems Lanka (Private) Limited	Wholly owned subsidiary of AGL
13	Persistent Systems Mexico, S.A. de C.V.	Wholly owned subsidiary of PSI
14	Persistent Systems Israel Ltd	Wholly owned subsidiary of PSI
15	PARX Werk AG	Wholly owned subsidiary of PSGG
16	PARX Consulting GmbH	Wholly owned subsidiary of PARX Werk AG
17	Capiot Software Private Limited	Wholly owned subsidiary of PSL
18	Capiot Software Inc. (Capiot US)	Wholly owned subsidiary of PSI
19	Capiot Software Pty Limited	Wholly owned subsidiary of Capiot US
20	Capiot Software Pte Limited	Wholly owned subsidiary of Capiot US
21	Persistent Systems S.R.L.	Wholly owned subsidiary of PSI
22	Software Corporation International (Acquired w.e.f. 5 October 2021)	Wholly owned subsidiary of PSI
23	SCI Fusion360 LLC (Acquired w.e.f. 5 October 2021)	Wholly owned subsidiary of PSI
24	Data Glove IT Solutions Limitada (Acquired w.e.f. March 1, 2022)	Wholly owned subsidiary of PSGG
25	Klisma e-Services Private Limited (Dissolved w.e.f. 10 August 2021)	Associate company of PSL

Annexure A to the Independent Auditor's Report of even date to the members of Persistent Systems Limited on the consolidated financial statements for the year ended 31 March 2022

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of **Persistent Systems Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its associate as at and for the year ended **31 March 2022**, we have audited the internal financial controls with reference to financial statements of the Holding Company, covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Board of Directors of the Holding Company, covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as

Annexure A (Contd)

necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion the Holding Company, has in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI').

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 22:14:29 +05'30'

Shashi Tadwalkar
Partner
Membership No:101797

UDIN:22101797AHXQAO2838

Place: Pune
Date: 27 April 2022

Persistent Systems Limited

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022

	Notes	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
ASSETS			
Non-current assets			
Property, plant and equipment	6.1	2,917.67	2,401.40
Capital work-in-progress	6.2	1,071.20	121.81
Right of use assets	6.3	1,358.21	852.58
Goodwill	6.4	2,790.22	85.94
Other Intangible assets	6.5	8,269.63	1,229.50
		16,406.93	**4,691.23**
Financial assets			
- Investments	7	3,877.72	3,621.27
- Loans	8	3,522.00	-
- Other non-current financial assets	9	340.74	160.52
Deferred tax assets (net)	10	1,122.72	1,037.57
Other non-current assets	11	531.61	441.52
		25,801.72	**9,952.11**
Current assets			
Financial assets			
- Investments	12	4,346.91	6,374.95
- Trade receivables (net)	13	9,484.29	5,708.97
- Cash and cash equivalents	14	2,977.99	2,419.30
- Bank balances other than cash and cash equivalents	15	6,166.59	7,389.70
- Loans	16	16.10	21.79
- Other current financial assets	17	3,214.90	2,516.70
Current tax assets (net)		179.57	188.00
Other current assets	18	1,952.90	2,083.72
		28,339.25	**26,703.13**
TOTAL		**54,140.97**	**36,655.24**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	5	764.25	764.25
Other equity		32,917.95	27,192.41
		33,682.20	**27,956.66**
LIABILITIES			
Non- current liabilities			
Financial liabilities			
- Lease liabilities	20	1,114.29	716.17
- Borrowings	19	2,800.79	44.27
- Other financial liabilities	23	2,088.60	-
Provisions	21	245.54	240.94
		6,249.22	**1,001.38**
Current liabilities			
Financial liabilities			
- Lease liabilities	20	342.58	222.00
- Trade payables	22		
- Dues of micro and small enterprises		10.30	30.20
- Dues of creditors other than micro and small enterprises		4,288.41	2,703.24
-Borrowings	19	1,524.56	1.96
- Other financial liabilities	23	2,173.60	388.21
Other current liabilities	24	1,571.72	1,514.95
Provisions	25	3,949.66	2,477.79
Current tax liabilities (net)		348.72	358.85
		14,209.55	**7,697.20**
TOTAL		**54,140.97**	**36,655.24**
Summary of significant accounting policies	4		

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR Digitally signed by SHASHI TADWALKAR Date: 2022.04.27 22:14:52 +05'30'

Shashi Tadwalkar
Partner

Membership No. :- 101797

Place: Pune
Date : April 27, 2022

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra
Sandeep Kalra (Apr 27, 2022 18:05 GMT+5.5)

Anand Deshpande

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Place: Pune
Date : April 27, 2022

Sandeep Kalra
Executive Director and Chief Executive Officer
DIN: 02506494

Place: Pune
Date : April 27, 2022

Praveen Kadle
Independent Director
DIN: 00016814

Place: Pune
Date : April 27, 2022

Sunil Sapre
Sunil Sapre (Apr 27, 2022 17:19 GMT+5.5)

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Pune
Date : April 27, 2022

Amit Atre
Amit Atre (Apr 27, 2022 17:04 GMT+5.5)

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date : April 27, 2022

Persistent Systems Limited

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

	Notes	For the year ended March 31, 2022 In ₹ Million	For the year ended March 31, 2021 In ₹ Million
Income			
Revenue from operations (net)	26	57,107.46	41,878.88
Other income	27	1,439.55	1,077.72
Total income (A)		**58,547.01**	**42,956.60**
Expenses			
Employee benefits expense	28.1	34,593.10	25,157.99
Cost of professionals	28.2	7,974.18	5,563.68
Finance costs (refer note 48)		118.35	57.94
Depreciation and amortization expense	6.6	1,660.12	1,755.50
Other expenses	29	4,958.47	4,327.06
Total expenses (B)		**49,304.22**	**36,862.17**
Profit before tax (A - B)		**9,242.79**	**6,094.43**
Tax expense			
Current tax		2,322.85	1,774.01
Tax charge in respect of earlier years		42.57	10.58
Deferred tax credit		(26.49)	(196.93)
Total tax expense		**2,338.93**	**1,587.66**
Profit for the year (C)		**6,903.86**	**4,506.77**
Other comprehensive income			
Items that will not be reclassified to profit or loss (D)			
- Remeasurements of the defined benefit liabilities / asset (net of tax)		(183.87)	10.25
		(183.87)	**10.25**
Items that may be reclassified to profit or loss (E)			
- Effective portion of cash flow hedge (net of tax)		(97.65)	383.54
- Exchange differences in translating the financial statements of foreign operations		138.96	(20.07)
		41.31	**363.47**
Total other comprehensive income for the year (D) + (E)		**(142.56)**	**373.72**
Total comprehensive income for the year (C) + (D) + (E)		**6,761.30**	**4,880.49**
Earnings per equity share [Nominal value of share ₹10 (Previous year: ₹10)]	30		
Basic (In ₹)		90.34	58.97
Diluted (In ₹)		90.34	58.97
Summary of significant accounting policies	4		

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 22:15:10 +05'30'

Shashi Tadwalkar
Partner
Membership No. :- 101797

Place: Pune
Date : April 27, 2022

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra (Apr 27, 2022 18:05 GMT+5.5)

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune Date : April 27, 2022	Place: Pune Date : April 27, 2022	Place: Pune Date : April 27, 2022

Sunil Sapre (Apr 27, 2022 17:19 GMT+5.5)

Amit Atre (Apr 27, 2022 17:04 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune Date : April 27, 2022	Place: Pune Date : April 27, 2022

Place: Pune
Date : April 27, 2022

Persistent Systems Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

		For the year ended March 31, 2022 In ₹ Million	For the year ended March 31, 2021 In ₹ Million
Cash flow from operating activities			
Profit before tax		**9,242.79**	**6,094.43**
Adjustments for:			
Interest income		(600.22)	(558.70)
Finance costs		118.35	57.94
Depreciation and amortization expense		1,660.12	1,755.50
Unrealised exchange loss/ (gain) (net)		(25.92)	139.55
Change in foreign currency translation reserve		305.64	(42.32)
Exchange (gain) / loss on derivative contracts		79.38	(169.80)
Exchange loss / (gain) on translation of foreign currency cash and cash equivalents		1.70	11.50
Bad debts		65.27	90.30
(Reversal) / Allowance for expected credit loss (net)		(105.06)	31.32
Employee stock compensation expenses		950.23	290.44
Loss / Impairment of non current investments		148.40	18.53
Remeasurements of the defined benefit liabilities / asset (before tax effects)		(183.87)	10.25
Impairment of loan		-	23.96
Excess provision in respect of earlier years written back		(66.00)	(41.79)
Profit on sale/ fair valuation of financial assets designated as FVTPL		(354.30)	(346.74)
Profit on sale of property, plant and equipment (net)		(12.45)	(1.34)
Operating profit before working capital changes		**11,224.06**	**7,363.03**
Movements in working capital :			
Decrease / (Increase) in non-current and current loans		5.69	(40.03)
Increase in other non current assets		(147.89)	(76.81)
Increase in other current financial assets		(869.22)	(104.23)
Decrease / (Increase) in other current assets		146.71	58.26
(Increase)/ Decrease in trade receivables		(3,508.56)	58.49
Increase in trade payables, current liabilities and non current liabilities		2,489.72	757.56
Increase in provisions		1,476.47	924.95
Operating profit after working capital changes		**10,816.98**	**8,941.22**
Direct taxes paid (net of refunds)		(2,367.12)	(1,581.97)
Net cash generated from operating activities	**(A)**	**8,449.86**	**7,359.25**
Cash flows from investing activities			
Payment towards capital expenditure (including intangible assets, capital advances and capital creditors)		(3,853.97)	(1,281.04)
Proceeds from sale of property, plant and equipment		46.02	30.02
Acquisition of businesses including cash and cash equivalents of ₹ 61.07 million (Previous year ₹ 30.90 million)		(6,154.02)	(448.47)
Purchase of bonds		(711.90)	(712.18)
Proceeds from sale/ maturity of bonds		499.95	350.53
Investments in mutual funds		(33,456.80)	(24,591.91)
Proceeds from sale / maturity of mutual funds		35,762.24	25,068.92
Maturity / (Investments) of bank deposits having original maturity over three months		1,121.92	(4,198.89)
Investments in deposits with financial institutions		(100.00)	-
Investment in common / preferred stocks		(123.61)	-
Loan to ESOP Trust		(3,522.00)	-
Interest received		718.74	366.29
Net cash used in investing activities	**(B)**	**(9,773.43)**	**(5,416.73)**
Cash flows from financing activities			
Repayment of long term borrowings		(1.84)	(4.54)
Net proceeds from long term borrowings		4,280.99	-
Payment of lease liabilities		(350.83)	(319.11)
Specific project related grant received		-	9.00
Interest paid		(118.38)	(58.01)
Dividends paid		(1,987.05)	(1,069.95)
Net cash generated from / (used in) financing activities	**(C)**	**1,822.89**	**(1,442.61)**

	For the year ended	
	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million
Net increase in cash and cash equivalents (A + B + C)	499.32	499.91
Cash and cash equivalents at the beginning of the year	2,419.30	1,899.99
Cash and cash equivalents acquired on acquisition	61.07	30.90
Effect of exchange difference on translation of foreign currency cash and cash equivalents	(1.70)	(11.50)
Cash and cash equivalents at the end of the year	**2,977.99**	**2,419.30**
Components of cash and cash equivalents		
Cash on hand (refer note 14)	0.24	0.41
Balances with banks		
On current accounts # (refer note 14)	2,337.96	1,583.20
On saving accounts (refer note 14)	1.64	1.33
On exchange earner's foreign currency accounts (refer note 14)	259.20	208.57
On deposit accounts with original maturity less than three months (refer note 14)	-	625.79
On Escrow accounts** (refer note 14)	378.95	-
Cash and cash equivalents	**2,977.99**	**2,419.30**

Out of the cash and cash equivalent balance as at March 31, 2022, the Group can utilise ₹ 35.75 Million (Previous year: ₹ 154.39 Million) only towards certain predefined activities specified in the agreement.

** The balance maintained in Escrow account will be released to selling shareholders on meeting specific conditions.

Summary of significant accounting policies - refer note 4

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 22:15:28 +05'30'

Shashi Tadwalkar
Partner

Membership No. :- 101797

Place: Pune
Date : April 27, 2022

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra (Apr 27, 2022 18:05 GMT+5.5)

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune	Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022	Date : April 27, 2022

Sunil Sapre (Apr 27, 2022 17:19 GMT+5.5)

Amit Atre (Apr 27, 2022 17:04 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022

Place: Pune
Date : April 27, 2022

Persistent Systems Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

A. Share capital

(refer note 5)

(In ₹ Million)

Balance as at April 1, 2021	Changes in equity share capital during the year	Balance as at March 31, 2022
764.25	-	764.25

(In ₹ Million)

Balance as at April 1, 2020	Changes in equity share capital during the year	Balance as at March 31, 2021
764.25	-	764.25

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Persistent Systems Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus						Items of other comprehensive income		Total
	General reserve	Share options outstanding reserve	Gain on bargain purchase	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2021	14,356.53	470.70	57.31	35.75	-	11,564.42	139.45	568.25	27,192.41
Profit for the period	-	-	-	-	-	6,903.86	-	-	6,903.86
Other comprehensive income for the period	-	-	-	-	-	(183.87)	(97.65)	138.96	(142.56)
Dividend	-	-	-	-	-	(1,987.05)	-	-	(1,987.05)
Transfer to general reserve	2,743.46	-	-	-	-	(2,743.46)	-	-	-
Adjustments towards employees stock options	276.84	(276.84)	-	-	-	-	-	-	-
Employee stock compensation expenses	-	950.23	-	-	-	-	-	-	950.23
Other changes during the year	(0.18)	0.75	0.49	-	-	-	-	-	1.06
Balance at March 31, 2022	**17,376.65**	**1,144.84**	**57.80**	**35.75**	**-**	**13,553.90**	**41.80**	**707.21**	**32,917.95**

(In ₹ Million)

Particulars	Reserves and surplus						Items of other comprehensive income		Total
	General reserve	Share options outstanding reserve	Gain on bargain purchase	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2020	12,227.41	290.51	57.71	35.75	49.95	10,087.74	(244.09)	588.32	23,093.30
Profit for the period	-	-	-	-	-	4,506.77	-	-	4,506.77
Other comprehensive income for the period	-	-	-	-	-	10.25	383.54	(20.07)	373.72
Dividend	-	-	-	-	-	(1,069.95)	-	-	(1,069.95)
Transfer to retained earnings	-	-	-	-	(49.95)	49.95	-	-	-
Transfer to general reserve	2,020.34	-	-	-	-	(2,020.34)	-	-	-
Employee stock compensation expenses	-	290.44	-	-	-	-	-	-	290.44
Adjustments towards employees stock options	108.78	(108.78)	-	-	-	-	-	-	-
Other changes during the year	-	(1.47)	(0.40)	-	-	-	-	-	(1.87)
Balance at March 31, 2021	**14,356.53**	**470.70**	**57.31**	**35.75**	**-**	**11,564.42**	**139.45**	**568.25**	**27,192.41**

Summary of significant accounting policies - refer note 4

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Anand Deshpande

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 22:15:48 +05'30'

Shashi Tadwalkar
Partner

Membership No. - 101797

Place: Pune
Date : April 27, 2022

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra
Sandeep Kalra (Apr 27, 2022 18:05 GMT+5.5)

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune	Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022	Date : April 27, 2022

Sunil Sapre
Sunil Sapre (Apr 27, 2022 17:19 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022

Amit Atre
Amit Atre (Apr 27, 2022 17:04 GMT+5.5)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

Nature and purpose of reserves

a) General reserve

General reserve represents amounts transferred from profit/loss for the year and the amounts from Share options outstanding reserve to the extent they relate to exercise / expiry of employee share options. It is a free reserve in terms of section 2 (43) of the Companies Act, 2013.

b) Share options outstanding reserve

Share options outstanding reserve represents the cumulative expense recognized for equity-settled transactions at each reporting date until the employee share options are exercised / expired upon which such amount is transferred to General reserve.

c) Gain on bargain purchase

The excess of the Group's portion of equity of the acquired company over its cost is treated as gain on bargain purchase in the financial statements.

d) Capital redemption reserve

Capital redemption reserve represents the nominal value of the shares bought back; and is created and utilised in accordance with Section 69 of the Companies Act, 2013.

e) Special Economic Zone re-investment reserve

The Special Economic Zone re-investment reserve was created out of the profit in terms of the provisions of Section 10AA(1)(ii) of the Income tax Act, 1961. The reserve has been utilised by the Group for acquiring new plant and machinery for the purpose of its business in accordance with Section 10AA(2) of the Income tax Act, 1961.

f) Cash flow hedge reserve

When a derivative is designated as cashflow hedging instrument, the effective portion of changes in the fair value of derivative is recognised in Other comprehensive income (OCI) and accumulated in cashflow hedge reserve.
Cumulative gains or losses previously recognised in cashflow hedge reserve are recognised in the statement of profit and loss in the period in which such transaction occurs / hedging instruments are settled/ cancelled.

g) Foreign currency translation reserve

The foreign 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 amount is transferred to retained earnings upon disposal of investment in foreign operation.

Persistent Systems Limited

Notes forming part of consolidated financial statements

1 Nature of operations

Persistent Systems Limited (the "Parent Company" or "PSL") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 ("the Act"). The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a global Company specializing in software products, services and technology innovation. The Company offers complete product life cycle services.

The Board of Directors approved the consolidated financial statements for the year ended March 31, 2022 and authorised for issue on April 27, 2022.

Persistent Systems, Inc. (PSI) based in the USA, a wholly owned subsidiary of PSL, is engaged in software product, services and technology innovation.

Persistent Systems Pte. Ltd. (PS Pte.) based in Singapore, a wholly owned subsidiary of PSL, is engaged in software development, professional and marketing services.

Persistent Systems France SAS (PSFS) based in France, a wholly owned subsidiary of PSL, is engaged in software products, services and technology innovation

Persistent Telecom Solutions, Inc. (PTSI) based in the USA, a wholly owned subsidiary of Persistent Systems, Inc., is engaged in software products, services and technology innovation in telecom and Product Lifecycle Management domains.

Persistent Systems Malaysia Sdn. Bhd. (PSM) based in Malaysia, a wholly owned subsidiary of PSL, is engaged in software products and services.

Aepona Group Limited, an Ireland based wholly owned subsidiary of Persistent Systems, Inc. operates as the holding Company of Aepona Limited.

Aepona Limited (a UK based wholly owned subsidiary of Aepona Group Limited) is engaged in the business of a telecommunication API gateway for defining, exposing, controlling and monetizing telecom services to partners and application developers and an Internet of Things service creation platform that allows enterprises to add a service layer (or "business logic") to the basic APIs exposed to by connected devices, and to expose and monetize these APIs. Also, it has acquired a new Microsoft business unit with expertise in Microsoft technologies, including Azure, business applications, workplace modernization, and Data and AI.

Persistent Systems Lanka (Private) Limited (a Sri Lanka based wholly owned subsidiary of Aepona Group Limited) has adopted indirect sales model, with services revenue being billed to Aepona Limited. Sale of services are then contracted between Aepona Limited and customers.

Persistent Systems Mexico, S.A. de C.V (a Mexico based wholly owned subsidiary of Persistent Systems Inc.) has adopted indirect sales model, with services revenue being billed to Persistent Systems Inc. Sale of services are then contracted between Persistent Systems Inc. and customers.

Persistent Systems Israel Ltd. (an Israel based wholly owned subsidiary of Persistent Systems Inc.) has adopted indirect sales model, with services revenue being billed to Persistent Systems Inc. Sale of services are then contracted between Persistent Systems Inc. and customers.

Persistent Systems Germany GmbH (wholly owned subsidiary of Persistent Systems Limited) operates as the holding Company of PARX Werk AG, Youperience GmbH and Data Glove IT Solutions Limitada.

PARX Werk AG (a Switzerland based wholly owned subsidiary of Persistent Systems Germany GmbH) is engaged in the business of software products, services and technology innovation in the digital practice.

PARX Consulting GmbH (a Germany based wholly owned subsidiary of PARX Werk AG) is engaged in the business of software products, services and technology innovation in the digital practice.

Data Glove IT Solutions Limitada (a Costa Rica based wholly owned subsidiary of Persistent Systems Germany GmbH) is a leading Microsoft technology solutions provider in verticals including Azure, business applications, workplace modernization, and Data and AI.

Youperience GmbH (a Germany based wholly owned subsidiary of Persistent Systems Germany GmbH) is engaged in Salesforce related implementation services.

Youperience Limited (a United Kingdom based wholly owned subsidiary of Youperience GmbH) is engaged in Salesforce related implementation services.

CAPIOT Software Private Limited (a India based wholly owned subsidiary of Persistent Systems Limited) is engaged in enterprise integration and modernization with expertise in MuleSoft, Red Hat and TIBCO.

CAPIOT Software Inc (a US based wholly owned subsidiary of Persistent Systems Inc) is engaged in enterprise and data integration services across platforms.

CAPIOT Software Pty Limited (a Australia based wholly owned subsidiary of CAPIOT Software Inc) is engaged in enterprise and data integration services across platforms. Further, it has acquired a new Microsoft business unit with expertise in Microsoft technologies, including Azure, business applications, workplace modernization, and Data and AI.

CAPIOT Software Pte Limited (a Singapore based wholly owned subsidiary of CAPIOT Software Inc) is engaged in enterprise and data integration services across platforms.

Persistent Systems SRL is a subsidiary of Persistent Systems Inc. and is incorporated on March 23, 2021.

Software Corporation International (a US based wholly owned subsidiary of Persistent Systems Inc) is specialized in payment solutions, integration, and support services for BFSI clients.

SCI Fusion360 LLC (a US based wholly owned subsidiary of Persistent Systems Inc) provides application development, maintenance, and support for leading payment platforms.

Klisma e-Services Private Limited was engaged in the business of internet, telecommunications, mobile technology and other media enabling electronic commerce. The Company has been dissolved w.e.f. August 10, 2021.

Notes forming part of consolidated financial statements

2 Basis of preparation

2.1 Historical cost convention

The consolidated financial statements of the Group have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments, equity settled employee stock options and initial recognition of assets acquired under business combinations which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The accounting policies are consistently applied by the Group 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.

2.2 Compliance with Ind AS

These consolidated financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

2.3 New and amended standards adopted by the Group

The Group has applied the following amendment to Ind AS for the first time in it's annual reporting period commencing 1 April 2021:

-Extension of COVID-19 related concessions - amendments to Ind AS 116

-Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods

2.4 New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

2.5 Reclassifications consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24 March 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from 1 April 2021.

Consequent to above, the Group has changed the classification/presentation of (i) current maturities of long-term borrowings (ii) security deposits, in the current year.

The current maturities of long-term borrowings (including interest accrued) has now been included in the "Current borrowings" line item. Previously, current maturities of long-term borrowings and interest accrued were included in 'other financial liabilities' line item.

Further, security deposits (which meet the definition of a financial asset as per Ind AS 32) have been included in 'other financial assets' line item. Previously, these deposits were included in 'loans' line item.

The Group has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1. The impact of such classifications is summarised below:

Balance Sheet (extract)	March 31, 2021 (Previously Reported)	Increase / (Decrease)	March 31, 2021 (Restated)
Non-current assets			
Loans	134.76	(134.76)	-
Other non-current financial assets	25.76	134.76	160.52
Current assets			
Loans	71.26	(49.47)	21.79
Other current financial assets	2,467.23	49.47	2,516.70
Current liabilities			
Other financial liabilities	390.17	(1.96)	388.21
Borrowings	-	1.96	1.96

3 Principles of consolidation

The consolidated financial statements of the Parent Company and its subsidiaries ("the Group") for the year ended March 31, 2022 are prepared in accordance with generally accepted accounting principles applicable in India, and the Indian Accounting Standard 110 (Ind AS 110) on 'Consolidated Financial Statements', notified by Companies (Accounting Standards) Rules, 2015, ("Indian Accounting Standards") by and to the extent possible in the same format as that adopted by the Parent Company for its separate financial statements.

The Parent Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the company and its subsidiaries as disclosed below. Control exists when the parent company has power over the entity, is exposed or has rights to variable returns from its involvement with the entity; and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Parent Company and its subsidiary companies have been combined on line by line basis by adding together the book values of like items of assets and liabilities, income and expenses after eliminating intra group balances and intra group transactions except where cost cannot be recovered. The unrealized profits or losses resulting from the intra group transactions and balances have been eliminated.

The excess of the cost to the Company of its investment in a subsidiary and the Company's portion of equity of subsidiary on the date at which investment in the subsidiary is made, is described as goodwill and recognized separately as an asset in the consolidated financial statements. The excess of the Company's portion of equity of the acquired company over its cost is treated as gain on bargain purchase in the financial statements. Goodwill arising on consolidation is not amortized. It is tested for impairment on a periodic basis and written off if found impaired.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the consolidated financial statements. The consolidated financial statements are presented in the same manner as the Parent Company's separate financial statements.

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Parent Company.

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Persistent Systems Limited

Notes forming part of consolidated financial statements

The subsidiary and associate companies considered in consolidated financial statements are as follows:

Name of the subsidiary/ associate	Ownership Percentage as at		Country of incorporation
	31-Mar-22	31-Mar-21	
Persistent Systems, Inc.	100%	100%	USA
Persistent Systems Pte Ltd.	100%	100%	Singapore
Persistent Systems France SAS	100%	100%	France
Persistent Telecom Solutions Inc.	100%	100%	USA
Persistent Systems Malaysia Sdn. Bhd.	100%	100%	Malaysia
Aepona Group Limited	100%	100%	Ireland
Aepona Limited	100%	100%	UK
Persistent Systems Lanka (Private) Limited	100%	100%	Sri Lanka
Persistent Systems Mexico, S.A. de C.V.	100%	100%	Mexico
Persistent Systems Israel Ltd.	100%	100%	Israel
Persistent Systems Germany GmbH	100%	100%	Germany
PARX Werk AG	100%	100%	Switzerland
PARX Consulting GmbH	100%	100%	Germany
Youperience GmbH	100%	100%	Germany
Youperience Limited	100%	100%	United Kingdom
CAPIOT Software Private Limited (Acquired w.e.f. October 29, 2020)	100%	100%	India
CAPIOT Software Inc. (Acquired w.e.f. November 7, 2020)	100%	100%	USA
CAPIOT Software Pty Limited (Acquired w.e.f. November 7, 2020)	100%	100%	Australia
CAPIOT Software Pte Limited (Acquired w.e.f. November 7, 2020)	100%	100%	Singapore
Persistent Systems S.R.L. (Incorporated on March 23, 2021)	100%	100%	Italy
Software Corporation International (Acquired w.e.f October 5, 2021)	100%	-	USA
SCI Fusion360 LLC (Acquired w.e.f October 5, 2021)	100%	-	USA
Data Glove IT Solutions Limitada (Acquired w.e.f. March 1, 2022)	100%	-	Costa Rica
Klisma e-Services India Pvt. Ltd. (Dissolved w.e.f August 10, 2021)	-	50%	India

The share of subsidiaries in the consolidated net assets, consolidated profit or loss and consolidated other comprehensive income is as follows:

Name of the Company	Share in Net assets		Share in Profit or (loss)		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount (₹ million)	As a % of consolidated profit	Amount (₹ million)	As a % of consolidated OCI	Amount (₹ million)	As a % of consolidated Total Comprehensive Income	Amount (₹ million)
Parent Company:								
Persistent Systems Limited	85.43%	33,188.85	97.04%	6,858.66	102.47%	(288.48)	96.82%	6,570.18
Subsidiaries:								
Persistent Systems, Inc.	9.23%	3,586.62	-0.59%	(41.42)	-	-	-0.61%	(41.42)
Persistent Systems Pte. Ltd.	0.08%	32.04	-0.06%	(4.24)	-	-	-0.06%	(4.24)
Persistent Systems France SAS	0.28%	110.09	-1.01%	(71.59)	-	-	-1.05%	(71.59)
Persistent Telecom Solutions Inc.	0.26%	101.13	1.50%	105.97	-	-	1.56%	105.97
Persistent Systems Malaysia Sdn. Bhd.	0.47%	181.95	0.82%	57.64	-	-	0.85%	57.64
Aepona Group Limited	0.09%	33.77	-0.01%	(0.79)	-	-	-0.01%	(0.79)
Aepona Limited	-0.39%	(149.80)	1.81%	128.13	-	-	1.89%	128.13
Persistent Systems Lanka (Private) Limited	0.50%	193.15	1.09%	76.73	-2.47%	6.96	1.23%	83.69
Persistent Systems Israel Ltd.	0.43%	168.19	0.00%	(0.31)	-	-	0.00%	(0.31)
Persistent Systems Mexico, S.A. de C.V.	0.05%	19.50	0.28%	19.83	-	-	0.29%	19.83
Persistent Systems Germany GmbH	2.25%	874.22	-4.49%	(317.07)	-	-	-4.67%	(317.07)
PARX Werk AG	0.52%	203.29	1.79%	126.31	-	-	1.86%	126.31
PARX Consulting GmbH	-0.08%	(32.44)	0.68%	48.25	-	-	0.71%	48.25
Youperience Limited	0.00%	0.51	0.43%	30.11	-	-	0.44%	30.11
Youperience GmbH	-0.24%	(91.55)	0.05%	3.28	-	-	0.05%	3.28
CAPIOT Software Private Limited	0.12%	48.02	-0.39%	(27.71)	-	-	-0.41%	(27.71)
CAPIOT Software Inc.	0.09%	36.60	0.22%	15.77	-	-	0.23%	15.77
CAPIOT Software Pty Limited	0.00%	0.78	-0.06%	(4.19)	-	-	-0.06%	(4.19)
CAPIOT Software Pte Limited	-0.03%	(10.40)	0.00%	(0.18)	-	-	0.00%	(0.18)
Persistent Systems S.R.L	0.00%	(1.84)	-0.04%	(2.70)	-	-	-0.04%	(2.70)
Software Corporation International	0.55%	213.43	0.86%	60.76	-	-	0.90%	60.76
SCI Fusion360 LLC	0.25%	97.44	0.06%	4.20	-	-	0.06%	4.20
Data Glove IT Solutions Limitada	0.12%	47.51	0.03%	2.17	-	-	0.03%	2.17
Subtotal	**100.00%**	**38,851.05**	**100.00%**	**7,067.59**	**100.00%**	**(281.52)**	**100.00%**	**6,786.07**
Exchange differences on translating the financial statements of foreign operations	-	-	-	-	-	138.96	-	138.96
Consolidation adjustments	-	(5,168.85)	-	-	-	-	-	-
Amortization of Intangibles recognized on Business Combination	-	-	-	(342.51)	-	-	-	(342.51)
DTA on items recognised on consolidation	-	-	-	(5.44)	-	-	-	(5.44)
Dividend from subsidiaries	-	-	-	(65.33)	-	-	-	(65.33)
Others	-	-	-	249.55	-	-	-	249.55
Total		**33,682.20**		**6,903.86**	**100.00%**	**(142.56)**		**6,761.30**

4 Critical accounting estimates

4.1 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed appropriately. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

4.2 Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Group has considered all possible impacts of COVID-19 in the preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition owing to changes in cost budgets of fixed price contracts, impact on leases, impact on effectiveness of its hedges and impact on the recoverable amount of goodwill. The Group has carried out this assessment based on available internal and external sources of information up to the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements owing to the nature and duration of COVID-19.

4.3 Critical accounting estimates

a) Revenue recognition

The Group's contracts with customers include promises to transfer multiple products and services to a customer. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgment.

Revenue from fixed price maintenance type contracts is recognized rateably on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period. Revenue from fixed-price maintenance type contract is recognised ratably using a percentage-of-completion method when the pattern of benefits from the services rendered to the customer and the Group's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of a method to recognise such revenues requires judgment and is based on the promises in the contract and nature of the deliverables.

The Group uses the percentage-of-completion method in accounting for its other fixed-price contracts. Use of the percentage-of-completion method requires the Group 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 Group 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 revenue share 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 Group is required to use its judgement to ascertain the income from revenue share on the basis of historical trends of customer revenue.

b) Income taxes

The Group's two major tax jurisdictions are India and the United States, though the Group also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

Management evaluates if the deferred tax assets will be realised in future considering the historical taxable income, scheduled reversals of deferred tax liabilities, projected future taxable income and tax-planning strategies. While the Management believes that the Group will realise the deferred tax assets, the amount of deferred tax asset realisable, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

c) Business combination

Business combinations are accounted for using Ind AS 103, Business Combinations, which requires the the acquirer to recognise the identifiable intangible assets and contingent consideration at fair value. Estimates are required to be made in determining the value of contingent consideration, value of option arrangements and intangible assets. These valuations are conducted by external valuation experts. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by the Management.

d) Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. 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 Group'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.

e) Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease periods relating to the existing lease contracts.

4.4 Summary of significant accounting policies

a) Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Group's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013 (the "Act"). Operating cycle is the time between the acquisition of resources / assets for processing their realisation in cash and cash equivalents. and Based on the nature of products/ services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months.

b) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use and is stated at cost. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use, cost of replacing part of the property, plant and equipment, cost of asset retirement obligations and borrowing costs for long term construction projects if the recognition criteria are met. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its original cost only if it is probable that future economic benefits associated with the item will flow to the Group. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period 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.

c) Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. 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 Group 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.

d) 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:

	Useful lives
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Plant and equipment (Solar Energy System) *	10 years
Furniture and fixtures*	5 years
Vehicles*	5 years

*For these classes of assets, based on a technical evaluation, the management believes that the useful lives as given above best represent the period over which the management expects to use

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

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

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Intangible assets are amortized on a straight-line basis over their estimated useful lives ranging from 3 to 7 years from the day the asset is made available for use.

Depreciation methods, useful lives and residual values are reviewed periodically.

e) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

f) Leases

The Group assesses at the inception of contract whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:
(i) the contract involves the use of an identified asset
(ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
(iii) the Group has the right to direct the use of the asset

Where the Group is a lessee

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit
The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate.

The lease payments shall include fixed payments, variable lease payments based on an index or rate, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or statement of profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease expenses associated with these leases are recognized in the statement of profit and loss on a straight line basis.

Group as a lessor

At the inception of the lease, the Group classifies each of its leases as either an operating lease or a finance lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Group recognises lease payments received under operating leases as income over the lease term on a straight line basis.

g) Impairment of Non-financial assets

The Group asesses at each reporting date, if there is any indication of impairment based on internal/external factors. If any indications exist, the Group 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.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. If recoverable amount cannot be determined for an individual asset, an entity identifies the lowest aggregation of assets that generate largely independent cash inflows.Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU or groups of CGUs, which benefit from the synergies of the acquisition.
The synergy benefits derived from Goodwill are enjoyed interchangeably among segments and the Group is of the view that it is not practical to reasonably allocate the same and an ad-hoc allocation will not be meaningful.

Based on the testing, no impairment was identified as at March 31, 2022 and 2021 as the recoverable value of the CGUs exceeded the carrying value. An analysis of the calculation's sensitivity to a change in the key parameters (turnover and earnings multiples) did not identify any probable scenarios where the CGU's recoverable amount would fall below its carrying amount.

h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group's business model refers to how it manages it's financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Non-derivative financial instruments
Subsequent measurement

Financial assets

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 asset at amortized cost or at FVTOCI, is classified as financial asset at FVTPL. Financial assets except derivative contracts included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

Financial liabilities

Financial liabilities at amortised cost

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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 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 Group has not designated any financial liability as FVTPL.

Investments in subsidiaries, associates and joint ventures

Investment in subsidiaries, associates and joint ventures are carried at cost.

Derivative financial instruments

The Group uses derivatives for economic hedging purposes. At the inception of hedging relationship, the Group documents the hedging relationship between the hedging instrument and hedged item including whether the changes in cash flows of the hedging instruments are expected to offset the changes in cash flows of the hedged items. The Group documents its objective and strategy for undertaking its hedging transactions.

Derivatives are initially recognised at fair value on the date a derivative contract is entered and are subsequently re-measured at fair value at each reporting date.

For cash flow hedges that qualify for hedge accounting, the effective portion of fair value of derivatives are recognised in cash flow hedging reserve within equity.

Gains or losses relating to the ineffective portion is immediately recognised in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit and loss or hedged future cash flows are no longer expected to occur.

Derivatives which do not qualify for hedge accounting are accounted as fair value through profit or loss.

Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss, except in case of equity instruments classified as FVOCI, where such cumulative gain or loss is not recycled to statement of profit and loss.

The Group derecognizes financial liabilities when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurrs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Fair value of financial instruments

In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices, dealer quotes.

For equity instruments of unlisted companies, in limited circumstances, insufficient more recent information is available to measure fair value, or if there are a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. The Group recognises such equity instruments at cost, which is considered as appropriate estimate of fair value.

All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. Refer to the table on financial instruments by category below for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets

The Group 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 Group expects to receive, discounted at the original effective interest rate.

For trade receivables, the Group recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Group 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.

i) Revenue recognition

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services. The Company's contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Income from software services and products

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

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.

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 revenue share is recognized in accordance with the terms of the relevant agreements.

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 Group collects Goods and Services Tax on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate.

Dividend

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

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for services or products tranferred to the customer. If the Group provides services or transfers products to the customer before the customer pays consideration or before the payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to provide services or transfer products to a customer for which the Group has received consideration (or an amount of consideration is due) from the consideration.If the Group receives the consideration from the customer before the Group provides services or transfers products to the customer, a contract liability is recognised for the received consideration that is conditional.

j) Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets while grants related to expenses are deducted in reporting the related expenses in the income statement.

k) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the functional currency of the entities, 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 converted 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 period in which they arise.

Translation of foreign operations

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

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) *Retirement and other employee benefits*

Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Group and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the eligible salary of the entitled employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

Gratuity

Gratuity is a defined benefit obligation plan operated by the Group for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by the insurer is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group 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 Group 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. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

The Group 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 beyond twelve months after the reporting date.

The expected cost of accumulating leave encashment is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating leave encashment is recognized in the period in which the absences occur.

Long service awards

Long service awards are other long term benefits to all eligible employees, as per Group's policy. The cost of providing benefit under long service awards scheme is determined on the basis of 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.

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 Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group 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.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the period in which the temporary differences originate.

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

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

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

n) Segment reporting

(i) Identification of segment

The Group's operations predominantly relate to providing software products, services and technology innovation covering full life cycle of product to its customers.

The components of the Group that engage in business activities from which they earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker are identified as operating segments.

(ii) Allocation of income and direct expenses

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment such as salaries, project related travel expenses etc. The remainder is considered as un-allocable expense and is charged against the total income.

(iii) Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segregation of assets, liabilities, depreciation and amortization and other non-cash expenses into various reportable segments have not been presented except for trade receivables and unbilled revenue as these items are used interchangeably among segments and the Group is of the view that it is not practical to reasonably allocate these items to individual segments and an ad-hoc allocation will not be meaningful.

(iv) Inter-segment transfers

There are no inter-segments transactions.

(v) Segment accounting policies

The Group prepares its segment information in conformity with accounting policies for preparing and presenting the financial statements of the Group as a whole.

o) 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.

p) Provisions

A provision is recognized when the Group 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 of the amount required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group 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.

r) Cash and cash equivalents

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

s) Share based payments

Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest best on the non-market vesting and service conditions. It recognises the impact of the revisions to the original estimates, if any, in profit or loss with a corresponding adjustment to equity.

The expense or credit recognized in the statement of profit and loss for the period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense with a corresponding increase in stock options outstanding reserve in equity. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

The employee stock option expenses in respect of the employees of the subsidiaries are charged to the respective subsidiary.

t) Equity

Ordinary shares are classified as equity share capital. Incremental costs directly attributable to the issuance of new ordinary shares, share options and buyback are recognized as a deduction from equity, net of any tax effects

u) Dividend

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors.

v) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The acquisition cost is measured as the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree at fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred

The excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in the acquired entity, and
- Acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase is recognized directly in equity as capital reserve.

w) Goodwill/ Gain on bargain purchase

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized in the other comprehensive income as gain on bargain purchase. Subsequent to initial recognition, Goodwill is measured at cost less accumulated impairment losses.

5 Share capital

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Authorized shares (No. in million)		
200 (Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid-up shares (No. in million)		
76.43 (Previous year: 76.43) equity shares of ₹ 10 each	764.25	764.25
Issued, subscribed and fully paid-up share capital	**764.25**	**764.25**

The Group's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through operating cash flows generated, borrowings and equity. The Group is not subject to any externally imposed capital requirements.

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

The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

(In Million)

	As at March 31, 2022		As at March 31, 2021	
	No of shares	Amount ₹	No of shares	Amount ₹
Number of shares at the beginning of the year	76.43	764.25	76.43	764.25
Less: Changes during the period	-	-	-	-
Number of shares at the end of the year	**76.43**	**764.25**	**76.43**	**764.25**

b) Terms / rights attached to equity shares

The Group has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors of Parent Company declared interim dividend of ₹ 20 per share on January 20, 2022 on the face value of ₹ 10 each; for the Financial Year 2021-22.

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. However, no such prefrential amounts exist currently.

c) Aggregate number of shares bought back during the period of five years immediately preceding the reporting date

	For the period of five years ended March 31, 2022 No in Million	For the period of five years ended March 31, 2021 No in Million
Equity shares bought back	3.575	3.575

d) Details of shareholders holding more than 5% shares in the Group

Name of the shareholder*	As at March 31, 2022		As at March 31, 2021	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande and Mrs. Sonali Anand Deshpande	22.97	30.06	22.96	30.04
Schemes of HDFC Mutual Fund	3.45	4.51	5.37	7.03

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Group including register of shareholders / members.

e) Details of shares held by promoters

As at March 31, 2022

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Dr. Anand Suresh Deshpande	22,849,840	11,000	22,860,840	29.91%	0.01%
Mrs. Chitra Hemadri Buzruk	469,400	-	469,400	0.61%	-
Dr. Mukund Suresh Deshpande	400,025	-	400,025	0.52%	-
Mrs. Sonali Anand Deshpande	112,000	-	112,000	0.15%	-
Mrs. Sulabha Suresh Deshpande	46,000	(40,000)	6,000	0.01%	(0.05)%
Mr. Arul Anand Deshpande	10,000	-	10,000	0.01%	-
Ms. Gayatri Hemadri Buzruk	10,000	-	10,000	0.01%	-
Mr. Hemadri N Buzruk	7,820	-	7,820	0.01%	-
Mr. Suresh Purushottam Deshpande	5,000	-	5,000	0.01%	-
Mr. Padmakar Govind Khare	880	-	880	0.00%	-

As at March 31, 2021

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Dr. Anand Suresh Deshpande	22,848,840	1,000	22,849,840	29.90%	0.00%
Mrs. Chitra Hemadri Buzruk	469,400	-	469,400	0.61%	-
Dr. Mukund Suresh Deshpande	376,825	23,200	400,025	0.52%	0.03%
Mrs. Sonali Anand Deshpande	112,000	-	112,000	0.15%	-
Mrs. Sulabha Suresh Deshpande	66,000	(20,000)	46,000	0.06%	(0.03)%
Mr. Arul Anand Deshpande	-	10,000	10,000	0.01%	0.01%
Ms. Gayatri Hemadri Buzruk	-	10,000	10,000	0.01%	0.01%
Mr. Hemadri N Buzruk	7,820	-	7,820	0.01%	-
Mr. Suresh Purushottam Deshpande	5,000	-	5,000	0.01%	-
Mr. Padmakar Govind Khare	780	100	880	0.00%	0.00%

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Persistent Systems Limited

Notes forming part of consolidated financial statements

6.1 Property, plant and equipment

(In ₹ Million)

	Land - Freehold	Buildings *	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2021	221.91	2,455.09	2,943.59	96.51	1,416.28	44.29	699.80	7.24	7,884.71
Additions	-	1.35	1,068.37	5.36	70.39	2.71	63.59	-	1,211.77
Additions through business combinations (refer note 44)	-	-	21.13	1.35	4.15	-	0.48	0.03	27.14
Disposals	-	-	32.03	4.24	90.21	0.77	34.93	-	162.18
Effect of foreign currency translation from functional currency to reporting currency	(0.29)	(1.28)	2.87	1.40	(0.72)	1.46	5.24	-	8.68
As at March 31, 2022	**221.62**	**2,455.16**	**4,003.93**	**100.38**	**1,399.89**	**47.69**	**734.18**	**7.27**	**8,970.12**
Accumulated Depreciation									
As at April 1, 2021	-	1,183.45	2,289.84	86.41	1,224.51	39.84	654.28	4.98	5,483.31
Charge for the year	-	99.08	502.93	7.11	55.60	4.55	49.87	0.97	720.11
Disposals	-	-	30.16	4.24	90.05	0.69	34.52	-	159.66
Effect of foreign currency translation from functional currency to reporting currency	-	(0.55)	5.31	1.24	(1.25)	1.31	2.63	-	8.69
As at March 31, 2022	**-**	**1,281.98**	**2,767.92**	**90.52**	**1,188.81**	**45.01**	**672.26**	**5.95**	**6,052.45**
Net block									
As at March 31, 2022	**221.62**	**1,173.18**	**1,236.01**	**9.86**	**211.08**	**2.68**	**61.92**	**1.32**	**2,917.67**
As at March 31, 2021	**221.91**	**1,271.64**	**653.75**	**10.10**	**191.77**	**4.45**	**45.52**	**2.26**	**2,401.40**

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Persistent Systems Limited

Notes forming part of consolidated financial statements

6.1 Property, plant and equipment

(In ₹ Million)

	Land - Freehold	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2020	221.37	2,452.04	2,457.77	93.20	1,399.41	45.92	693.12	7.24	7,370.07
Additions	-	0.67	559.91	6.17	56.41	-	36.27	-	659.43
Additions through business combinations	-	-	27.32	0.69	0.12	-	7.20	-	35.33
Disposals	-	-	80.29	2.23	39.87	3.81	35.39	-	161.59
Effect of foreign currency translation from functional currency to reporting currency	0.54	2.38	(21.12)	(1.32)	0.21	2.18	(1.40)	-	(18.53)
As at March 31, 2021	**221.91**	**2,455.09**	**2,943.59**	**96.51**	**1,416.28**	**44.29**	**699.80**	**7.24**	**7,884.71**
Accumulated Depreciation									
As at April 1, 2020	-	1,083.58	2,092.05	80.57	1,206.20	35.51	643.51	4.05	5,145.47
Additions through business combination	-	-	25.64	0.34	0.05	-	2.30	-	28.33
Charge for the year	-	99.10	258.53	8.38	54.40	5.79	41.53	0.93	468.66
Disposals	-	-	67.10	2.02	36.56	2.94	31.23	-	139.85
Effect of foreign currency translation from functional currency to reporting currency	-	0.77	(19.28)	(0.86)	0.42	1.48	(1.83)	-	(19.30)
As at March 31, 2021	**-**	**1,183.45**	**2,289.84**	**86.41**	**1,224.51**	**39.84**	**654.28**	**4.98**	**5,483.31**
Net block									
As at March 31, 2021	**221.91**	**1,271.64**	**653.75**	**10.10**	**191.77**	**4.45**	**45.52**	**2.26**	**2,401.40**
As at March 31, 2020	**221.37**	**1,368.46**	**365.72**	**12.63**	**193.21**	**10.41**	**49.61**	**3.19**	**2,224.60**

* Note: Buildings include those constructed on leasehold land:

a) Gross block as on March 31, 2022 ₹ 1,455.94 million (Previous year ₹ 1,454.60 million)

b) Depreciation charge for the year ₹ 59.07 million (Previous year ₹ 59.04 million)

c) Accumulated depreciation as on March 31, 2022 ₹ 617.14 million (Previous year ₹ 558.07 million)

d) Net book value as on March 31, 2022 ₹ 838.80 million (Previous year ₹ 896.53 million)

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Persistent Systems Limited

Notes forming part of consolidated financial statements

6.2 Capital work in progress

(In ₹ Million)

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Capital work in progress	1,071.20	121.81
	1,071.20	**121.81**

6.2 Capital work in progress (CWIP) ageing schedule

(In ₹ Million)

	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1,071.20	-	-	-	1,071.20
As at March 31, 2022	**1,071.20**	**-**	**-**	**-**	**1,071.20**

(In ₹ Million)

	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	117.95	3.86	-	-	121.81
As at March 31, 2021	**117.95**	**3.86**	**-**	**-**	**121.81**

6.3 Right-of-use assets

(In ₹ Million)

	Leasehold Land	Office premises	Total
Gross block (At cost)			
As at April 1, 2021	37.50	1,208.13	1,245.63
Additions during the period	-	831.31	831.31
Disposals	-	201.25	201.25
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	3.56	3.56
As at March 31, 2022	**37.50**	**1,841.75**	**1,879.25**
Accumulated Depreciation			
As at April 1, 2021	1.18	391.87	393.05
Charge for the year	0.58	287.93	288.51
Disposals	-	158.44	158.44
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	(2.08)	(2.08)
As at March 31, 2022	**1.76**	**519.28**	**521.04**
Net block			
As at March 31, 2022	**35.74**	**1,322.47**	**1,358.21**
As at March 31, 2021	**36.32**	**816.26**	**852.58**

(In ₹ Million)

	Leasehold Land	Office premises	Total
Gross block (At cost)			
As at April 1, 2020	37.50	796.75	834.25
Additions during the period	-	584.67	584.67
Acquistion	-	2.52	2.52
Disposals	-	165.16	165.16
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	(10.65)	(10.65)
As at March 31, 2021	**37.50**	**1,208.13**	**1,245.63**
Accumulated Depreciation			
As at April 1, 2020	0.60	266.84	267.44
Charge for the year	0.58	250.88	251.46
Disposals	-	121.83	121.83
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	(4.02)	(4.02)
As at March 31, 2021	**1.18**	**391.87**	**393.05**
Net block			
As at March 31, 2021	**36.32**	**816.26**	**852.58**
As at March 31, 2020	**36.90**	**529.91**	**566.81**

6.4 Goodwill

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Cost		
Balance at beginning of year	85.94	88.94
Additional amounts recognised from business combinations (refer note 44 a & b)	2,636.81	-
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	67.47	(3.00)
Balance at end of year	**2,790.22**	**85.94**

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6.5 Other Intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Provisional intangible assets	Total
Gross block				
As at April 1, 2021	2,912.77	5,744.93	-	8,657.70
Additions	62.65	182.63	-	245.28
Additions through business combination (refer note 44)	-	980.16	6,651.74	7,631.90
Disposals	2.44	0.04	-	2.48
Effect of foreign currency translation from functional currency to reporting currency	58.47	(94.15)	44.56	8.88
As at March 31, 2022	**3,031.45**	**6,813.53**	**6,696.30**	**16,541.28**
Accumulated Amortization				
As at April 1, 2021	2,736.80	4,691.40	-	7,428.20
Charge for the period	70.76	526.18	54.56	651.50
Disposals	1.78	0.01	-	1.79
Effect of foreign currency translation from functional currency to reporting currency	58.54	134.47	0.73	193.74
As at March 31, 2022	**2,864.32**	**5,352.04**	**55.29**	**8,271.65**
Net block				
As at March 31, 2022	**167.13**	**1,461.49**	**6,641.01**	**8,269.63**
As at March 31, 2021	**175.97**	**1,053.53**	**-**	**1,229.50**

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2020	2,779.57	5,214.42	7,993.99
Additions	185.76	256.64	442.40
Additions through business combination	-	363.16	363.16
Disposals	2.94	-	2.94
Effect of foreign currency translation from functional currency to reporting currency	(49.62)	(89.29)	(138.91)
As at March 31, 2021	**2,912.77**	**5,744.93**	**8,657.70**
Accumulated Amortization			
As at April 1, 2020	2,732.72	3,826.34	6,559.06
Charge for the year	59.74	975.64	1,035.38
Disposals	2.89	-	2.89
Effect of foreign currency translation from functional currency to reporting currency	(52.77)	(110.58)	(163.35)
As at March 31, 2021	**2,736.80**	**4,691.40**	**7,428.20**
Net block			
As at March 31, 2021	**175.97**	**1,053.53**	**1,229.50**
As at March 31, 2020	**46.85**	**1,388.08**	**1,434.93**

6.6 Depreciation and amortization

(In ₹ Million)

	For the year ended	
	March 31, 2022	March 31, 2021
On Property, Plant and Equipment	720.11	468.66
On Right of Use assets	288.51	251.46
On Other Intangible assets	651.50	1,035.38
	1,660.12	1,755.50

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Persistent Systems Limited

Notes forming part of consolidated financial statements

7. Non-current financial assets : Investments

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Investments carried under equity accounting method		
Unquoted Investments		
Investments in equity instruments		
In associates		
Klisma e-Services Private Limited [Holding Nil (Previous year 50%)] #		
Nil (Previous year: 0.005 million) shares of ₹10 each, fully paid up	-	0.05
Less : Writeoff / Impairment	-	(0.05)
	-	-
Total investments carried equity accounting method (A)	-	-
Investments carried at amortised cost		
Quoted Investments		
In bonds	2,801.81	2,557.92
[Market value ₹ 2,863.32 million (Previous year ₹ 2,727.32 million)]		
Add: Interest accrued on bonds	77.48	72.88
Total investments carried at amortised cost (B)	**2,879.29**	**2,630.80**
Designated as fair value through profit and loss		
Unquoted Investments		
- Investments in mutual funds		
Fair value of long term mutual funds (refer Note 7a)	836.42	806.99
	836.42	**806.99**
Investments in Common Stocks / Preferred Stocks		
- Others*		
Ciqual Limited [Holding 2.38% (Previous year 2.38%)]		
0.04 million (Previous year : 0.04 million) shares of GBP 0.01 each, fully paid up	15.16	14.73
Add / (less) : Change in fair value of investment	(15.16)	(14.73)
	-	-
Altizon Systems Private Limited	6.00	6.00
3,766 equity shares (Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up		
	6.00	**6.00**
Hygenx Inc.	15.16	14.62
0.25 million (Previous year : 0.25 million) Preferred stock of $ 0.001 each, fully paid up		
Add / (less) : Change in fair value of investment	(15.16)	(14.62)
	-	-
OpsDataStore Inc.	-	14.62
Nil (Previous year : 0.20 million) Preferred stock of $ 0.001 each, fully paid up		
Add / (less) : Change in fair value of investment	-	(14.62)
	-	-
Trunomi Inc.	18.95	18.28
0.28 million (Previous year : 0.28 million) Preferred stock of $ 0.0002 each, fully paid up		
	18.95	**18.28**
Ampool Inc.	-	18.28
Nil (Previous year : 0.55 million) Preferred stock of $ 0.4583 each, fully paid up		
Add / (less) : Change in fair value of investment	-	(18.28)
	-	-
Cazena Inc. ^		
Nil (Previous year: 0.59 million Preferred Stock of $ 0.0001 each), fully paid up	-	146.22
Monument Bank	123.61	-
0.024 million (Previous year: Nil) Stock of GBP 50 each), fully paid up		
	142.56	**164.50**

Klisma e-Services Private Limited ('Klisma'), an Associate of the Company has been dissolved w.e.f. August 10, 2021 vide dissolution order passed by the Hon'ble National Company Law Tribunal, Mumbai Bench.

^ Cazena Inc. has been acquired by another corporation. Accordingly, based on the communication received from Cazena Inc. regarding the realisable value, the company has written off the entire amount of investment of Rs. 148.40 million.

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
DxNow	9.47	9.14
0.17 million Shares fully paid up (Previous year : 1 convertible note of USD 125,000 each, fully paid up		
Add / (less) : Change in fair value of investment	(9.47)	(9.14)
	-	-
Akumina Inc.	13.45	12.98
0.40 million Preference shares of $ 0.443 each (Previous year : 1 convertible note of USD 146,429 each, fully paid up)		
	13.45	**12.98**
- Investments in Convertible Notes		
Ustyme	-	18.28
Nil (Previous year : 1) convertible note of USD 250,000 each, fully paid up		
Add / (less) : Change in fair value of investment	-	(18.28)
	-	-
Total Investments carried at Fair Value (C)	**998.43**	**990.47**
Total investments (A) + (B) + (C)	**3,877.72**	**3,621.27**
Aggregate amount of impairment in value / change in fair value of investments	39.79	89.72
Aggregate amount of quoted investments	2,879.29	2,630.80
Aggregate amount of unquoted investments	1,038.22	1,080.19

* Investments, where the Group does not have joint-control or significant influence including situations where such joint-control or significant influence is intended to be temporary, are classified as "investments in others".

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Persistent Systems Limited

Notes forming part of consolidated financial statements

7 a) Details of fair value of investment in long term mutual funds

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Axis Mutual Fund	471.15	400.50
IDFC Mutual Fund	365.27	370.31
Sundaram Mutual Fund	-	36.18
	836.42	**806.99**

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8. Non-current financial assets : Loans

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Carried at amortised cost		
Other loans and advances		
Unsecured, considered good - Loan to ESOP trust	3,522.00	-
Unsecured, credit impaired	0.58	23.63
	3,522.58	**23.63**
Less: Impairment of non-current loans	(0.58)	(23.63)
	3,522.00	**-**
	3,522.00	**-**

9. Other non-current financial assets

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Deposits with banks (refer note 15)	3.19	24.42
Add: Interest accrued but not due on bank deposits (refer note 15)	0.17	1.34
Deposits with banks (Carried at amortised cost)	**3.36**	**25.76**
Deposits with financial institutions		
Unsecured, credit impaired	430.00	430.00
Add: Interest accrued on deposit with financial institutions	0.98	0.98
Less: Credit impaired (refer note 47)	(430.98)	(430.98)
	-	-
Unsecured, considered good	100.00	-
Add: Interest accrued	0.41	-
	100.41	**-**
Security deposits	236.97	134.76
	340.74	**160.52**

* Out of the balance, fixed deposits of ₹ 3.03 million (Previous year: ₹ 24.09 million) have been earmarked against credit facilities and bank guarantees availed by the Group.

10. Deferred tax asset (net) *

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Deferred tax liabilities		
Differences in book values and tax base values of block of property, plant and equipment and intangible assets	89.31	-
Capital gains	51.11	61.06
Others	7.54	66.47
	147.96	**127.53**
Deferred tax assets		
Provision for leave encashment	224.94	184.65
Provision for long service awards	134.29	117.05
Allowance for expected credit loss	43.27	93.49
Differences in book values and tax base values of block of property, plant and equipment and intangible assets	170.18	63.43
Brought forward and current year losses	99.41	43.77
Tax credits	407.13	435.71
ROU asset and lease liability	31.71	31.74
Provision for shared based payments to employees	48.56	40.28
Others	111.19	154.98
	1,270.68	**1,165.10**
Deferred tax liabilities after set off	-	-
Deferred tax assets after set off	**1,122.72**	**1,037.57**

* Deferred tax assets and deferred tax liabilities have been offset wherever the Group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. In all other cases the same have been separately disclosed.

11. Other non-current assets

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Capital advances (Unsecured, considered good)	104.95	60.54
Balances with government authorities (refer note 42)	296.55	296.55
Prepayments	130.11	84.43
	531.61	**441.52**

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Persistent Systems Limited

Notes forming part of consolidated financial statements

Movement in deferred tax assets (net) during the year ended March 31, 2022

	As at April 1, 2021	Charge/ (Credit) in statement of Profit or loss	Credit/ (Charge) in other comrpehensive income	As at March 31, 2022
Deferred tax liabilities				
Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets	-	89.31	-	89.31
Capital gains (net)	61.06	(9.95)	-	51.11
Cash flow hedges	46.90	-	(32.84)	14.06
Others	19.57	(12.03)	-	7.54
	127.53	**67.33**	**(32.84)**	**162.02**
Deferred tax assets				
Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets	63.43	106.75	-	170.18
Provision for leave encashment	184.65	40.29	-	224.94
Provision for long service awards	117.05	17.24	-	134.29
Allowance for expected credit loss	93.49	(48.51)	-	44.98
Tax credit	435.71	(28.58)	-	407.13
Right of use asset and lease liability	31.74	(0.03)	-	31.71
Others	239.07	32.45	-	271.52
	1,165.12	**119.62**	**-**	**1,284.74**
	1,037.59	**52.29**	**32.84**	**1,122.72**

Movement in deferred tax assets (net) during the year ended March 31, 2021

	As at April 1, 2020	Charge/ (Credit) in statement of Profit or loss	Credit/ (Charge) in other comrpehensive income	As at March 31, 2021
Deferred tax liabilities				
Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets	120.97	(120.97)	-	-
Capital gains (net)	76.67	(15.61)	-	61.06
Cash flow hedges	-	-	46.90	46.90
Others	21.63	(2.06)	-	19.57
	219.27	**(138.64)**	**46.90**	**127.53**
Deferred tax assets				
Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets	91.81	(28.38)	-	63.43
Provision for leave encashment	127.70	56.95	-	184.65
Provision for long service awards	83.27	33.78	-	117.05
Allowance for expected credit loss	62.50	30.99	-	93.49
Tax credit	328.80	106.91	-	435.71
Right of use asset and lease liability	37.29	(5.55)	-	31.74
Cash flow hedges	82.10	-	(82.10)	-
Others	365.89	(126.82)	-	239.07
	1,179.35	67.87	(82.10)	1,165.12
	960.08	**(70.77)**	**(35.20)**	**1,037.59**

12. Current financial assets : Investments

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Designated as fair value through profit and loss		
- Unquoted investments		
Investments in mutual funds		
Fair value of current mutual funds (refer Note 12a)	4,346.91	6,374.95
	4,346.91	**6,374.95**
Total carrying amount of investments	**4,346.91**	**6,374.95**
Aggregate amount of unquoted investments	**4,346.91**	**6,374.95**

12 (a) Details of fair value of current investment in mutual funds

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Aditya Birla Sun Life Mutual Fund	883.65	1,011.03
Axis Mutual Fund	672.70	824.68
Kotak Mutual Fund	521.63	478.21
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	472.88	-
IDFC Mutual Fund	457.54	911.72
DSP Mutual Fund	443.20	37.38
ICICI Prudential Mutual Fund	399.94	710.33
UTI Mutual Fund	337.68	723.19
SBI Mutual Fund	120.01	166.36
Sundaram mutual fund	37.68	-
HDFC Mutual Fund	-	963.10
L&T Mutual Fund	-	511.71
PGIM India Mutual Fund (formerly known as DHFL Pramerica Mutual Fund)	-	37.24
	4,346.91	**6,374.95**

13. Trade receivables

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Unsecured, considered good	9,484.29	5,708.97
Unsecured, credit impaired	165.78	271.64
	9,650.07	**5,980.61**
Less : Allowance for expected credit loss	(165.78)	(271.64)
	9,484.29	**5,708.97**
	9,484.29	**5,708.97**

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Persistent Systems Limited

Notes forming part of consolidated financial statements

Trade receivables Ageing Schedule **In ₹ Million**

	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	7,316.44	2,066.68	64.91	6.22	14.56	15.48	9,484.29
Undisputed Trade receivable – credit impaired	-	24.94	71.10	13.21	40.29	16.24	165.78
As at March 31, 2022	**7,316.44**	**2,091.62**	**136.01**	**19.43**	**54.85**	**31.72**	**9,650.07**

In ₹ Million

	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	3,815.33	1,787.43	106.21	-	-	-	5,708.97
Undisputed Trade receivable – credit impaired	-	59.14	54.55	74.55	35.53	47.87	271.64
As at March 31, 2021	**3,815.33**	**1,846.57**	**160.76**	**74.55**	**35.53**	**47.87**	**5,980.61**

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14. Cash and cash equivalents

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Cash and cash equivalents as presented in cash flow statement		
Cash in hand	0.24	0.41
Balances with banks		
On current accounts #	2,337.96	1,583.20
On saving accounts	1.64	1.33
On Exchange Earner's Foreign Currency accounts	259.20	208.57
On deposit accounts with original maturity less than three months	-	625.79
On Escrow account**	378.95	-
	2,977.99	**2,419.30**

Out of the cash and cash equivalent balance as at March 31, 2022, the Group can utilise ₹ 35.75 Million (Previous year: ₹ 154.39 Million) only towards certain predefined activities specified in the agreement.

** The balance maintained in Escrow account will be released to selling shareholders on meeting specific conditions.

15. Bank balances other than cash and cash equivalents

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Deposits with banks*	5,986.55	7,108.47
Add: Interest accrued but not due on deposits with banks	180.46	303.99
Deposits with banks (carried at amortised cost)	**6,167.01**	**7,412.46**
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (refer note 9)	(3.19)	(24.42)
Less: Interest accrued but not due on non-current deposits with banks (refer note 9)	(0.17)	(1.34)
	6,163.65	**7,386.70**
Balances with banks on unpaid dividend accounts**	2.94	3.00
	6,166.59	**7,389.70**

* Out of the balance, fixed deposits of ₹ 644.36 million (Previous year : ₹ 651.80 million) have been earmarked against credit facilities and bank guarantees availed by the Group.

** The Group can utilize these balances only towards settlement of the respective unpaid dividend.

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16. Current financial assets : Loans

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Loan to related parties (Unsecured, credit impaired) (refer note 37)		
Klisma e-Services Private Limited	-	27.43
	-	**27.43**
Less: Write off / Impairment	-	(27.43)
	-	-
Loan to others (Unsecured, credit impaired)		
LHS Solution Inc.	22.78	21.90
Interest accrued but not due at amortised cost	1.72	1.72
Less: Impairment	(24.50)	(23.62)
	-	-
Other advances	16.10	21.79
	16.10	**21.79**

17. Other current financial assets

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	84.59	294.46
Carried at amortised cost		
Advances to related parties (Unsecured, credit impaired)		
Unsecured, credit impaired	-	0.81
Less: Write off / Impairment	-	(0.81)
	-	-
Carried at amortised cost		
Security deposits	-	49.47
Unbilled revenue	3,130.31	2,172.77
	3,214.90	**2,516.70**

18. Other current assets

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Unsecured, considered good		
Advances to suppliers		
Advances recoverable in cash or kind or for value to be received	1,345.41	815.19
Excess fund balance with Life Insurance Corporation (refer note 31)	42.19	113.08
Other advances		
VAT receivable (net)	3.71	97.19
Service tax and GST receivable (net) (refer note 42)	561.59	1,058.26
	565.30	**1,155.45**
	1,952.90	**2,083.72**

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19. Non-current financial liabilities : Borrowings

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Borrowings carried at amortised cost		
Term loans		
Indian rupee loan from others	5.55	7.39
Interest accrued but not due on term loans	0.08	0.11
Foreign currency loan from others	4,319.72	38.73
	4,325.35	**46.23**
Less: Current maturity of long-term borrowings	(1,524.48)	(1.85)
Less: Current maturity of interest accrued but not due on term loan	(0.08)	(0.11)
	(1,524.56)	**(1.96)**
	2,800.79	**44.27**

The term loans from Government departments have the following terms and conditions:

Loan I - amounting to ₹ 5.55 million (Previous year ₹ 7.39 million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from October 2015.

Loan II - amounting to ₹ 37.54 million (Previous year ₹ 38.73 million). The interest free loan is given under a Covid-19 scheme for medium and small scale Industries by the Government of Switzerland to a subsidiary company with a repayment period of five years from March 2020.

Loan III - amounting to ₹ 4,282.18 million (Previous year:Nil). The Parent Company has provided a Letter of Comfort to the Lendors.
Key terms of loan are as below:

Repayment terms	Rs. Million	Interest rate
Loan 1: Repayable over a period of 3 years in equal instalments commencing from November 2021	1,629.53	SOFR + 155 bps
Loan 2: Repayable over a period of 3 years in equal instalments commencing from April 2022	2,652.65	SOFR + 145 bps
	4,282.18	

20. Non-current financial liabilities : Lease liabilities (refer note 36)

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Lease liabilities	1,456.87	938.17
Less: Current portion of lease liabilities	(342.58)	(222.00)
	1,114.29	**716.17**

Movement of lease liabilities

	For the year ended March 31, 2022 In ₹ Million	For the year ended March 31, 2021 In ₹ Million
Opening balance	938.17	662.42
Additions	831.31	587.19
Deletions	(42.81)	(43.33)
Add: Interest recognised during the year	84.06	57.53
Less: Payments made	(350.83)	(319.11)
Translation differences	(3.03)	(6.53)
Closing balance	**1,456.87**	**938.17**

21. Non current liabilities : Provisions

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Provision for employee benefits		
- Long service awards	245.54	240.94
	245.54	**240.94**

22. Trade payables

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Trade payables		
- Dues of small enterprises and micro enterprises	10.30	30.20
- Dues of creditors other than small enterprises and micro enterprises	4,288.41	2,703.24
	4,298.71	**2,733.44**

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Parent Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Parent Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the period or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the period or on balance brought forward from previous year.

Persistent Systems Limited

Notes forming part of consolidated financial statements

Trade payables ageing schedule **In ₹ Million**

	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	10.30	-	-	-	10.30
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,937.50	303.79	14.51	32.61	4,288.41
As at March 31, 2022	**3,947.80**	**303.79**	**14.51**	**32.61**	**4,298.71**

In ₹ Million

	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	30.20	-	-	-	30.20
Total outstanding dues of creditors other than micro enterprises and small enterprises	2552.62	115.72	6.99	27.91	2,703.24
As at March 31, 2021	**2,582.82**	**115.72**	**6.99**	**27.91**	**2,733.44**

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23. Other current financial liabilities

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Capital creditors	204.49	237.83
Accrued employee liabilities	144.61	127.50
Unpaid dividend*	2.94	3.00
Other liabilities	8.41	7.96
Payable to selling shareholders (refer note 44)	3,901.75	11.92
Less: Non-current portion of Payable to Selling Shareholders	(2,088.60)	-
	1,813.15	**11.92**
	2,173.60	**388.21**

* Unpaid dividend is transferred to Investor Education and Protection Fund as and when due.

24.Other current liabilities

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Unearned revenue	978.32	966.07
Advance from customers	43.21	93.67
Other payables		
- Statutory liabilities	491.79	296.20
- Other liabilities*	58.40	159.01
	1,571.72	**1,514.95**

*Includes balance of ₹ 35.64 million (Previous year: ₹ 154.16 million) to be utilised against certain predefined activities specified in the agreement.

25. Current liabilities : Provisions

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Provision for employee benefits		
- Gratuity (refer note 31)	9.96	37.78
- Leave encashment	975.49	815.28
- Long service awards	24.54	17.19
- Other employee benefits	2,939.67	1,607.54
	3,949.66	**2,477.79**

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26. Revenue from operations (net)

	For the year ended	
	March 31, 2022	**March 31, 2021**
	In ₹ Million	**In ₹ Million**
Software services	55,721.12	40,158.83
Software licenses	1,386.34	1,720.05
	57,107.46	**41,878.88**

The table below presents disaggregated revenues from contracts with customers by segments, geography and type. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

	For the year ended March 31, 2022 In ₹ Million	**For the year ended March 31, 2021 In ₹ Million**
Revenue by industry segments		
BFSI	18,063.65	12,857.05
Healthcare & Life Sciences	11,842.75	8,104.24
Technology Companies and Emerging Verticals	27,201.06	20,917.59
Total	**57,107.46**	**41,878.88**
Geographical disclosure		
India	6,028.37	3,512.59
North America	44,812.10	33,861.61
Rest of the World	6,266.99	4,504.68
Total	**57,107.46**	**41,878.88**
Customers' Industry wise disclosure		
IP Led	6,754.69	18,986.36
Offshore	32,062.36	15,925.78
Onsite	18,290.41	6,966.74
Total	**57,107.46**	**41,878.88**

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation-related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material and unit of work-based contracts. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

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 Group has applied the practical expedient in Ind AS 115. Accordingly, the Group has not disclosed the aggregate transaction price allocated to 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.

During the year, ₹ 2,172.77 million (Previous Year: ₹ 1,991.99 million) of opening unbilled revenue (contract assets) has been reclassified to trade receivables upon billing to customers on completion of milestones.

During the year, the Company recognised revenue of ₹ 937.81 million (Previous Year: ₹ 799.81 million) arising from opening unearned revenue (contract liabilities).

In respect of the contracts wherein the transaction price is in the form of revenue share, the estimated revenue for the customer is considered based on the historical trends and management's judgement with respect to customer business. The estimated revenue from these contracts included in the total revenue for the year is ₹ 622.86 million (Previous Year: ₹ 923.81 million).

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Persistent Systems Limited

Notes forming part of consolidated financial statements

27. Other income

	For the year ended	
	March 31, 2022	**March 31, 2021**
	In ₹ Million	**In ₹ Million**
Interest income		
On deposits carried at amortised cost	315.69	388.77
On Others	284.53	169.93
Other non operating income		
Foreign exchange gain (net)	269.41	33.81
Profit on sale of property, plant and equipment (net)	12.45	1.34
Net profit on sale/ fair valuation of financial assets designated as FVTPL	354.30	346.74
Excess provision in respect of earlier years written back	66.00	41.79
Miscellaneous income	137.17	95.34
	1,439.55	**1,077.72**

28. Personnel expenses

	For the year ended	
	March 31, 2022	**March 31, 2021**
	In ₹ Million	**In ₹ Million**
28.1 Employee benefits expense		
Salaries, wages and bonus	31,061.63	22,852.56
Contribution to provident and other funds (refer note 31)	2,059.54	1,528.58
Staff welfare and benefits	521.70	486.41
Share based payments to employees (refer note 35)	950.23	290.44
	34,593.10	**25,157.99**
28.2 Cost of professionals	7,974.18	5,563.68
	42,567.28	**30,721.67**

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Persistent Systems Limited

Notes forming part of consolidated financial statements

29. Other expenses

	For the year ended	
	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million
Travelling and conveyance	412.04	173.62
Electricity expenses (net)	76.07	82.58
Internet link expenses	68.59	70.86
Communication expenses	87.05	102.18
Recruitment expenses	428.06	135.10
Training and seminars	119.58	57.36
Royalty expenses	92.54	94.83
Purchase of software licenses	1,606.97	1,855.62
Bad debts	65.27	90.30
(Reversal) / Allowance for expected credit loss (net)	(105.06)	31.32
Rent (refer note 36)	101.88	140.89
Insurance	50.34	40.01
Rates and taxes	99.30	87.86
Legal and professional fees	828.48	525.40
Repairs and maintenance		
- Plant and Machinery	141.71	113.88
- Buildings	20.46	21.63
- Others	26.96	18.69
Selling and marketing expenses	4.89	10.43
Advertisement, conference and sponsorship fees	85.67	140.01
Computer consumables	10.55	5.54
Auditors' remuneration (refer note 39)	11.39	11.14
Corporate social responsibility expenditure (refer note 43)	115.78	204.05
Books, memberships, subscriptions	32.90	20.66
Directors' sitting fees	7.43	4.84
Directors' commission	20.83	10.22
Impairment of loan	-	23.96
Loss / Impairment of non current investments	148.40	18.53
Miscellaneous expenses	400.39	235.55
	4,958.47	**4,327.06**

Persistent Systems Limited

Notes forming part of consolidated financial statements

30. Earnings per share

		For the year ended	
		March 31, 2022	**March 31, 2021**
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ₹ Million)	(A)	6,903.86	4,506.77
Denominator for Basic EPS			
Weighted average number of equity shares	(B)	76,425,000	76,425,000
Denominator for Diluted EPS			
Number of equity shares	(C)	76,425,000	76,425,000
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	**90.34**	**58.97**
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	**90.34**	**58.97**

	For the year ended	
	March 31, 2022	**March 31, 2021**
Number of shares considered as basic weighted average shares outstanding	76,425,000	76,425,000
Add: Effect of dilutive issues of stock options	-	-
Number of shares considered as weighted average shares and potential shares outstanding	**76,425,000**	**76,425,000**

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Persistent Systems Limited

Notes forming part of consolidated financial statements

31. Defined benefits (Gratuity) :

Persistent Systems Limited and Persistent Systems Lanka (Private) Limited have defined benefit (gratuity) plans. Each employee in these companies is eligible for gratuity on completion of minimum five years of service at 15 days basic salary (last drawn basic salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense (recognized in statement of profit and loss)

In ₹ Million

	For the year ended	
	March 31, 2022	**March 31, 2021**
Current service cost	156.08	170.19
Interest cost on benefit obligation	63.81	58.49
Expected return on plan assets	(74.30)	(70.85)
Other	-	(29.52)
Net benefit expense	**145.59**	**128.31**
Net actuarial loss / (gain) recognized in the year	231.16	(17.68)

Due to Demographic assumptions	166.40	9.46
Due to Financial assumptions	(60.45)	13.85
Due to Experience assumptions	125.21	(40.99)
Net actuarial loss / (gain) recognized in the year	231.16	(17.68)

Balance sheet

Changes in the fair value of plan assets (recognized in the Balance Sheet) are as follows:

In ₹ Million

	For the year ended	
	March 31, 2022	**March 31, 2021**
Opening fair value of plan assets	1,050.79	985.61
Expected return	74.30	70.85
Adjustment to expected return	(14.29)	(10.85)
Contribution by employer	330.32	117.99
Benefits paid	(215.11)	(112.81)
Closing fair value of plan assets	**1,226.01**	**1,050.79**

Changes in the present value of the defined benefit obligation (recognized in Balance Sheet) are as follows:

In ₹ Million

	For the year ended	
	March 31, 2022	**March 31, 2021**
Opening defined benefit obligation	975.49	877.48
Interest cost	63.81	58.49
Current service cost	156.08	170.19
Benefits paid	(215.11)	(112.81)
Actuarial losses on obligation	231.16	(17.68)
Exchange difference	(17.65)	(0.18)
Closing defined benefit obligation	**1,193.78**	**975.49**

Benefit asset / (liability)

In ₹ Million

	As at	
	March 31, 2022	**March 31, 2021**
Fair value of plan assets	1,226.01	1,050.79
Less: Defined benefit obligations	(1,183.82)	(937.71)
Plan asset / (liability) for Persistent Systems Limited	**42.19**	**113.08**
Gratuity liability for Persistent Systems Lanka (Private) Limited	**(9.96)**	**(37.78)**

Persistent Systems Limited

Notes forming part of consolidated financial statements

The principal assumptions used in determining gratuity for the Group's plans are shown below:

Persistent Systems Limited

	As at	
	March 31, 2022	**March 31, 2021**
Discount rate	7.07%	6.70%
Mortality	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Attrition rate	PS: 0 to 1 : 17% PS: 1 to 3 : 15% PS: 3 to 4 : 10% PS: 4 to 5 : 5% PS: 5 to 7 : 6% PS: 7 to 10 : 4% PS:10 to 50 : 2%	PS: 0 to 1 : 17% PS: 1 to 3 : 14% PS: 3 to 4 : 10% PS: 4 to 5 : 7% PS: 7 to 10 : 3% PS:10 to 47 :1%
Increment rate	6.00%	5.50%

The major categories of plan assets as a percentage of the fair value of total plan assets:

	As at	
	March 31, 2022	**March 31, 2021**
Investments with insurer including accrued interest	100%	100%

Persistent Systems Lanka (Private) Limited

	As at	
	March 31, 2022	**March 31, 2021**
Discount rate	16.37%	8.55%
Increment rate	7.00%	6.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected compensation increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

As at March 31, 2022, every percentage point increase / decrease in discount rate will change the defined benefit obligation (gratuity) obligation to approximately ₹ 1,089.07 million / ₹ 1,324.31 million (previous year: ₹ 822.41 million / ₹ 1,082.38 million) respectively.

As at March 31, 2021, every percentage point increase / decrease in compensation levels will change the the defined benefit obligation (gratuity) obligation to approximately ₹ 1,255.79 million / ₹ 1,143.41 million (previous year: ₹ 998.72 million / ₹ 889.87 million) respectively.

Amounts for the current and previous year are as follows:

In ₹ Million

	As at	
	March 31, 2022	**March 31, 2021**
Plan assets	1,226.01	1,050.79
Defined benefit obligation	(1,183.82)	(937.71)
Plan asset for Persistent Systems Limited	42.19	113.08
Gratuity liability for Persistent Systems Lanka (Private) Limited	(9.96)	(37.78)

Maturity Profiles of defined benefit obligations are as follows:

(In ₹ Million)

	As at	
	March 31, 2022	**March 31, 2021**
Within 1 year	76.42	36.45
1-2 years	78.28	32.19
2-3 years	82.94	33.66
3-4 years	84.86	36.11
4-5 years	86.09	36.29
5-10 years	484.24	222.48

Superannuation Fund

The Group contributed ₹ 57.63 million and ₹ 43.55 million to superannuation fund during the years ended March 31, 2022 and March 31, 2021 respectively and the same is recognised in the Statement of profit and loss under the head employee benefit expenses.

Defined contribution plan - Provident Fund

The Parent Company has certain defined contribution plans. Contributions are made to provident fund for its employees @ 12% of Basic salary as per regulation. The contributions are made to registered provident fund administered by the Government of India. The obligation of the Parent Company is limited to the amount contributed. and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan (provident fund) is ₹ 827.57 million (Previous year - ₹ 404.90 million).

Persistent Systems Limited

Notes forming part of consolidated financial statements

32 (a) Financial assets and liabilities

The carrying values of financial instruments by categories are as follows:

In ₹ Million

Financial assets/ Financial liabilities	March 31, 2022			March 31, 2021			Fair value hierarchy*
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	
Financial Assets:							
Investments in equity instruments, preferred stock and convertible notes	162.01	-	-	183.48	-	-	Level 3
Investments in bonds	-	-	2,879.29	-	-	2,630.80	
Investments in mutual funds	5,183.33	-	-	7,181.94	-	-	Level 1
Loans	-	-	3,538.10	-	-	21.79	
Deposit with banks and financial institutions (net)	-	-	6,267.42	-	-	7,412.46	
Cash and cash equivalents (including unpaid dividend)	-	-	2,980.93	-	-	2,422.30	
Trade receivables (net)	-	-	9,484.29	-	-	5,708.97	
Foreign exchange forward contracts	-	84.59	-	-	294.46	-	Level 2
Unbilled revenue	-	-	3,130.31	-	-	2,172.77	
Other non current financial assets	-	-	236.97	-	-	134.76	
Other current financial assets	-	-	-	-	-	49.47	
Total Financial Assets	**5,345.34**	**84.59**	**28,517.31**	**7,365.42**	**294.46**	**20,553.32**	
Financial Liabilities:							
Borrowings (including accrued interest)	-	-	4,325.35	-	-	46.23	
Trade payables	-	-	4,298.71	-	-	2,733.44	
Lease liabilities	-	-	1,456.87	-	-	938.17	
Other financial liabilities (excluding borrowings)	-	-	4,262.20	-	-	388.21	
Total Financial Liabilities	**-**	**-**	**14,343.13**	**-**	**-**	**4,106.05**	

***Fair value hierarchy:**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. In respect of equity instruments of unlisted companies, in limited circumstances, insufficient more recent information is available to measure fair value, or if there are a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. The Group recognises such equity instruments at cost, which is considered as appropriate estimate of fair value.

32 (b) Financial risk management

Financial risk factors and risk management objectives

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors which provide written principles on foreign exchange hedging. The Group's exposure to credit risk is mainly for receivables that are overdue for more than 90 days. The Credit Task Force is responsible for credit risk management. Investment of excess liquidity is governed by the Investment policy of the Group. The Group's Risk Management Committee monitors risks and policies implemented to mitigate risk exposures.

Market risk

The Group operates globally with its operations spread across various geographies and consequently the Group is exposed to foreign exchange risk. Around 80% to 90% of the Group's foreign currency exposure is in USD. The Group holds plain vanilla forward contracts against expected future receivables in USD to mitigate the risk of changes in exchange rates.

The following table analyses unhedged foreign currency risk from financial instruments as at March 31, 2022:

In ₹ Million

	USD	EUR	GBP	Other currencies	Total
Trade receivables	779.27	376.80	471.77	219.65	1,847.49
Cash and cash equivalents and bank balances	323.54	17.83	35.82	35.93	413.12
Trade and other payables	19.19	11.19	15.25	10.47	56.10

The following table analyses unhedged foreign currency risk from financial instruments as at March 31, 2021:

In ₹ Million

	USD	EUR	GBP	Other currencies	Total
Trade receivables	187.63	121.75	291.84	130.42	731.64
Cash and cash equivalents and bank balances	339.71	28.10	13.05	15.32	396.18
Other financial assets	0.29	0.26	7.58	5.48	13.61
Trade and other payables	135.06	14.66	35.74	1.50	186.96

Foreign currency sensitivity analysis

For the year ended March 31, 2022 and March 31, 2021, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, would affect the Group's profit before tax margin (PBT) by approximately 0.04% and 0.02% respectively.

Derivative financial instruments

The Group holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Group has designated foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions.

The following table gives details in respect of outstanding foreign currency forward contracts:

	As at March 31, 2022			As at March 31, 2021		
	Foreign currency (million)	Average rate	₹ (million)	Foreign currency (million)	Average rate	₹ (million)
Derivatives designated as cash flow hedges						
Forward contracts						
USD	175.00	77.74	13,605.02	135.00	77.11	10,410.34

The foreign exchange forward contracts mature within a maximum period of twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

	As at March 31, 2022			As at March 31, 2021		
	Foreign currency (million)	Average rate	₹ (million)	Foreign currency (million)	Average rate	₹ (million)
Not later than 3 months	41.00	77.00	3,156.91	31.00	78.48	2,432.98
Later than 3 months and not later than 6 months	45.00	77.17	3,472.71	34.50	77.08	2,659.11
Later than 6 months and not later than 9 months	45.00	78.23	3,520.48	34.50	76.63	2,643.64
Later than 9 months and not later than 12 months	44.00	78.52	3,454.92	35.00	76.42	2,674.61
Total	**175.00**		**13,605.02**	**135.00**		**10,410.34**

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Credit risk

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 9,650.07 million and ₹ 5,980.61 million as at March 31, 2022 and March 31, 2021, respectively
Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed by the Group by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Group grants credit terms in the normal course of business.
On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables. The policy takes into account available external and internal credit risk factors and the Group's historical experience for customers.

Credit risk is perceived mainly in case of receivables overdue for more than 90 days. The following table gives details of risk concentration in respect of percentage of receivables overdue for more than 90 days:

In ₹ Million

	As at	
	March 31, 2022	March 31, 2021
Receivables overdue for more than 90 days (₹ million)*	427.00	966.82
Total receivables (gross) (₹ million)	9,650.07	5,980.61
Overdue for more than 90 days as a % of total receivables	4.4%	16.2%

* Out of this amount, ₹ 271.64 million (March 31, 2021: ₹ 271.64 million) have been provided for.

Ageing of trade receivables

In ₹ Million

	As at	
	March 31, 2022	March 31, 2021
Within the credit period	7316.44	3815.33
1 to 30 days past due	1499.72	897.30
31 to 60 days past due	194.35	211.23
61 to 90 days past due	212.56	89.93
91 to 120 days past due	68.03	17.24
121 and above past due	358.97	949.58
Less: Expected credit loss	(165.78)	(271.64)
Net trade receivables	**9,484.29**	**5,708.97**

Movement in expected credit loss allowance

In ₹ Million

	As at	
	March 31, 2022	March 31, 2021
Opening balance	271.64	242.13
Movement in expected credit loss allowance	(105.06)	31.32
Translation differences	(0.80)	(1.81)
Closing balance	**165.78**	**271.64**

Credit risk on cash and cash equivalents is limited as the Group generally invests in deposits with banks and financial institutions with high credit ratings. Investments primarily include investment in debts mutual funds, quoted bonds.

Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The investment of surplus funds is governed by the Group's investment policy approved by the Board of Directors. The Group believes that the working capital is sufficient to meet its current fund requirements including repayment of borrowings. Accordingly, no liquidity risk is perceived.
As at March 31, 2022, the Group had a working capital of ₹ 14,129.70 million including cash and cash equivalents and current fixed deposits of ₹ 8,961.35 million and current investments of ₹ 4,346.91 million.
As at March 31, 2021, the Group had a working capital of ₹ 19,005.93 million including cash and cash equivalents and current fixed deposits of ₹ 9,503.35 million and current investments of ₹ 6,374.95 million.

The table below provides details regarding the contractual maturities of significant financial liabilities:

In ₹ Million

	As at			
	March 31, 2022		March 31, 2021	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Borrowings (including accrued interest)	1,524.56	2,800.79	1.96	44.27
Trade payables and deferred payment liabilities	4,298.71	-	2,733.44	-
Lease Liabilities	342.58	1,114.29	222.00	716.17
Other financial liabilities (excluding borrowings)	649.04	2,088.60	388.21	-

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32 (c) Derivative instruments and un-hedged foreign currency exposures

(i) Forward contracts outstanding at the end of the year:

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Forward contracts to sell USD: Hedging of expected receivables of USD 175 Million (Previous year USD 135 Million)	13,605.02	10,410.34

(ii) Details of un-hedged foreign currency exposures at the end of the year:

	March 31, 2022			March 31, 2021		
	In ₹ million	Foreign currency (In million)	Conversion rate (₹)	In ₹ million	Foreign currency (In million)	Conversion rate (₹)
Bank balances	1.64	JPY 2.63	0.62	1.33	JPY 2.02	0.66
	323.54	USD 4.27	75.77	339.71	USD 4.65	73.11
	35.82	GBP 0.36	99.50	13.05	GBP 0.13	100.69
	1.04	CAD 0.02	52.00	8.81	CAD 0.15	58.02
	17.83	EUR 0.21	84.90	28.10	EUR 0.33	85.78
	20.89	AUD 0.37	56.46	2.41	AUD 0.04	55.67
	12.36	ZAR 2.37	5.22	2.77	ZAR 0.56	4.94
Trade and other payables	19.19	USD 0.25	75.79	135.06	USD 1.85	73.11
	15.25	GBP 0.15	99.43	35.74	GBP 0.35	100.69
	11.19	EUR 0.13	84.13	14.66	EUR 0.17	85.78
	0.31	SGD 0.01	55.98	0.08	SGD 0.002	54.40
	0.29	ZAR 0.06	5.22	0.15	ZAR 0.03	4.94
	6.82	CAD 0.11	60.52	0.81	CAD 0.01	58.02
	1.23	AUD 0.02	56.72	0.03	AUD 0.001	55.67
	1.82	JPY 2.92	0.62	0.43	JPY 0.65	0.66
Trade receivables	376.80	EUR 4.48	84.13	121.75	EUR 1.42	85.78
	779.27	USD 10.28	75.79	187.63	USD 2.56	73.11
	471.77	GBP 4.74	99.43	291.84	GBP 2.90	100.69
	23.73	CAD 0.39	60.52	40.66	CAD 0.70	58.02
	110.41	AUD 1.95	56.72	52.27	AUD 0.94	55.67
	45.72	CHF 0.56	81.93	5.04	CHF 0.06	77.46
	26.88	ZAR 5.15	5.22	29.74	ZAR 6.02	4.94
	5.95	SGD 0.11	55.98	2.71	SGD 0.05	54.40
	1.08	BRL 0.07	15.89	-	-	-
	5.88	MYR 0.33	18.03	-	-	-

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33. Income taxes

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	For the year ended	
	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million
Profit before tax	9,242.79	6,094.43
Enacted tax rate in India	25.17%	25.17%
Computed tax expense at enacted tax rate	2,326.23	1,533.85
Effect of exempt income	(123.07)	(90.04)
Effect of non-deductible expenses	37.27	40.25
Effect of concessions (R&D allowance)	5.76	(144.67)
Effect of concessions (Tax holidays)	(17.80)	(9.69)
Effect of unused tax losses not recognised as deferred tax assets	2.46	1.70
Effect of previously unrecognised deferred tax assets now recognised	-	(8.54)
Effect of different tax rates of subsidiaries operating in other jurisdictions	51.36	7.65
Effect of different tax rates for different heads of income	(5.69)	(2.06)
Short Tax Provision of earlier years (net)	42.58	11.28
Reversal of Deferred tax asset created in earlier years	15.93	73.38
Others	3.90	174.55
Income tax expense	**2,338.93**	**1,587.66**

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34. Segment information

Operating segments are components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision makers, in deciding how to allocate resources and assessing performance. The Group's chief operating decision makers are the Chief Executive Officer and the Chairman & Managing Director.

The operating segments of the Group are:

a. Banking, Financial Services and Insurance (BFSI)
b. Healthcare & Life Sciences
c. Technology Companies and Emerging Verticals

Particulars			BFSI	Healthcare & Life Sciences	Technology Companies and Emerging Verticals	Total
Revenue						
	Year ended	March 31, 2022	18,063.65	11,842.75	27,201.06	57,107.46
	Year ended	March 31, 2021	12,857.05	8,104.24	20,917.59	41,878.88
Identifiable expense						
	Year ended	March 31, 2022	11,879.32	5,779.01	17,931.96	35,590.29
	Year ended	March 31, 2021	8,038.67	4,121.77	14,468.19	26,628.63
Segmental result						
	Year ended	March 31, 2022	6,184.33	6,063.74	9,269.10	21,517.17
	Year ended	March 31, 2021	4,818.38	3,982.47	6,449.40	15,250.25
Unallocable expenses						
	Year ended	March 31, 2022				13,713.93
	Year ended	March 31, 2021				10,233.54
Operating income						
	Year ended	March 31, 2022				7,803.24
	Year ended	March 31, 2021				5,016.71
Other income (net of expenses)						
	Year ended	March 31, 2022				1,439.55
	Year ended	March 31, 2021				1,077.72
Profit before taxes						
	Year ended	March 31, 2022				9,242.79
	Year ended	March 31, 2021				6,094.43
Tax expense						
	Year ended	March 31, 2022				2,338.93
	Year ended	March 31, 2021				1,587.66
Profit after tax						
	Year ended	March 31, 2022				6,903.86
	Year ended	March 31, 2021				4,506.77

(In ₹ Million)

Particulars			BFSI	Healthcare & Life Sciences	Technology Companies and Emerging Verticals	Total
Segmental trade receivables (net)						
	As at	March 31, 2022	1,816.26	1,949.27	5,718.76	9,484.29
	As at	March 31, 2021	1,355.88	1,363.40	2,989.69	5,708.97
Segmental Unbilled revenue						
	As at	March 31, 2022	754.63	325.30	2,050.38	3,130.31
	As at	March 31, 2021	594.57	162.29	1,415.91	2,172.77
Unallocated assets						
	As at	March 31, 2022	-	-	-	41,526.37
	As at	March 31, 2021	-	-	-	28,773.50
Unallocated liabilities						
	As at	March 31, 2022	-	-	-	54,140.97
	As at	March 31, 2021	-	-	-	36,655.24

Segregation of assets (other than trade receivables and unbilled revenue), liabilities, depreciation and amortization and other non-cash expenses into various reportable segments have not been presented as the assets are used interchangeably among segments and the Group is of the view that it is not practical to reasonably allocate the other assets, liabilities and other non-cash expenses to individual segments and an ad-hoc allocation will not be meaningful.

Geographical Information
The following table shows the distribution of the Group's consolidated sales by geographical market regardless of from where the services were rendered.

(In ₹ Million)

Particulars			India	North America	Rest of the World	Total
Revenue						
	Year ended	March 31, 2022	6,028.37	44,812.10	6,266.99	57,107.46
	Year ended	March 31, 2021	3,512.59	33,861.61	4,504.68	41,878.88

The revenue from individual customers in excess of ten percent of total revenue of the Group is ₹ 9,271.13 Million for the year ended March 31, 2022 (Previous year : ₹ 12,146.55 Million).

35. Employees stock option plans (ESOP)

Certain information in this note relating to number of shares, options and per share/option price has been disclosed in full and is not rounded off.

a) Details of Employee stock option plans

The Group has framed various share-based payment schemes for its employees. The details of various equity-settled employee stock option plan ('ESOP') schemes adopted by the Board of Directors are as follows:

ESOP scheme	No. of options granted #	Date of adoption by the Board/Members	Initial Grant date	Exercise period
Scheme I	4,560,500	11-Dec-99	11-Dec-99	*
Scheme II	753,200	23-Apr-04	23-Apr-04	10 Years
Scheme III	2,533,300	23-Apr-04	23-Apr-04	*
Scheme IV	6,958,250	23-Apr-06	23-Apr-06	10 Years
Scheme V	1,890,525	23-Apr-06	23-Apr-06	*
Scheme VI	1,216,250	31-Oct-06	31-Oct-06	10 Years
Scheme VII	1,784,975	30-Apr-07	30-Apr-07	10 Years
Scheme VIII	42,000	24-Jul-07	24-Jul-07	3 Years
Scheme IX	1,374,462	29-Jun-09	29-Jun-09	10 Years
Scheme X	3,062,272	10-Jun-10	29-Oct-10	2-3 Years
Scheme XI **	1,614,200	26-Jul-14	3-Nov-14	4-5 Years
Scheme XII ***	67,300	4-Feb-16	8-Apr-16	2.5 Months
Scheme XIII	4,913,338	27-Jul-17	1-Aug-19	4-5 Years
Scheme XIV	80,000	27-Jul-17	1-May-19	5 Years

Adjusted for bonus issue of shares.
*No contractual life is defined in the scheme.

**The options under Scheme XI, which is a performance based ESOP scheme will vest after 2-3 years in proportion of credit points earned by the employees every quarter based on performance. The maximum options which can be granted under this scheme are 2,000,000.

***The options under Scheme XII, ESOP scheme would vest after 1 year. The maximum options which are granted under this scheme are 50 per employee.

The vesting period and conditions of the above ESOP schemes is as follows:

All the above ESOP schemes have service condition (other than Grant 1 of scheme XI which is based on performance criteria), which require the employee to complete a specified period of service, as a vesting condition. The vesting pattern of various schemes has been provided below:

(i) Scheme I to V, VII, VIII, X and XIV

Service period from the date of grant	% of Options vesting			
	Scheme I to V & X	Scheme VII	Scheme VIII	Scheme XIV
12 Months	10%	20%	25%	0.00%
24 Months	30%	40%	50%	33.33%
36 Months	60%	60%	75%	66.66%
48 Months	100%	80%	100%	100%
60 Months	NA	100%	NA	NA

(ii) Scheme VI

Service period from the date of grant	% of Options vesting
18 Months	30%
Every quarter thereafter	5%

(iii) Scheme IX

Service period from the date of grant	% of Options vesting
30– 60 Months varying from employee to employee	100%

(iv) Scheme XI

Service period from the date of grant	% of Options vesting		
	Grant 1	Grant 2	Grant 3
12 Months	Based on credit points earned which varies from employee to employee	25%	40%
24 Months		50%	30%
36 Months		75%	30%
48 Months	NA	100%	NA
60 Months	NA	NA	NA

(v) Scheme XII:

Service period from the date of grant	% of Options vesting
1 year	100%

(vi) Scheme XIII:

Service period from the date of grant	% of Options vesting		
	Grant 1	Grant 2	Grant 3
12 Months	25%	40%	33%
24 Months	50%	30%	67%
36 Months	75%	30%	100%
48 Months	100%	NA	NA
60 Months	NA	NA	NA

Persistent Systems Limited

Notes forming part of consolidated financial statements

b) Details of activity of the ESOP schemes

Movement for the year ended March 31, 2021 and March 31, 2022:

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme I	Number of Options	31-Mar-21	17	-	4	-	13	13
	Weighted Average Price	31-Mar-21	4.42	-	4.58	-	4.37	4.37
	Number of Options	31-Mar-22	13	-	13	-	-	-
	Weighted Average Price	31-Mar-22	4.37	-	4.37	-	-	-
Scheme II	Number of Options	31-Mar-21	-	-	-	-	-	-
	Weighted Average Price	31-Mar-21	-	-	-	-	-	-
	Number of Options	31-Mar-22	-	-	-	-	-	-
	Weighted Average Price	31-Mar-22	-	-	-	-	-	-
Scheme III	Number of Options	31-Mar-21	147,835	-		20,473	127,362	127,362
	Weighted Average Price	31-Mar-21	31.94	-	-	30.22	32.07	32.07
	Number of Options	31-Mar-22	127,362	-	-	19,103	108,259	108,259
	Weighted Average Price	31-Mar-22	32.07	-	-	33.69	31.78	31.78
Scheme IV	Number of Options	31-Mar-21	406,348	-	-	80,050	326,298	326,298
	Weighted Average Price	31-Mar-21	53.07	-	-	46.70	54.83	54.83
	Number of Options	31-Mar-22	326,298	-	-	80,000	246,298	246,298
	Weighted Average Price	31-Mar-22	54.83	-	-	55.16	54.72	54.72
Scheme V	Number of Options	31-Mar-21	60,332	-	-	8,641	51,691	51,691
	Weighted Average Price	31-Mar-21	27.58	-	-	28.99	27.22	27.22
	Number of Options	31-Mar-22	51,691	-	-	1,810	49,881	49,881
	Weighted Average Price	31-Mar-22	27.22	-	-	44.14	26.61	26.61
Scheme VI	Number of Options	31-Mar-21	-	-	-	-	-	-
	Weighted Average Price	31-Mar-21	-	-	-	-	-	-
	Number of Options	31-Mar-22	-	-	-	-	-	-
	Weighted Average Price	31-Mar-22	-	-	-	-	-	-
Scheme VII	Number of Options	31-Mar-21	6,961	-	-	3,620	3,341	3,201
	Weighted Average Price	31-Mar-21	58.18	-	-	56.83	59.65	61.12
	Number of Options	31-Mar-22	3,341	-	-	3,200	141	141
	Weighted Average Price	31-Mar-22	59.65	-	-	61.12	26.29	26.29
Scheme VIII	Number of Options	31-Mar-21	-	-	-	-	-	-
	Weighted Average Price	31-Mar-21	-	-	-	-	-	-
	Number of Options	31-Mar-22	-	-	-	-	-	-
	Weighted Average Price	31-Mar-22	-	-	-	-	-	-
Scheme IX	Number of Options	31-Mar-21	135,920	-		6,216	129,704	129,704
	Weighted Average Price	31-Mar-21	54.74	-	-	54.74	54.74	54.74
	Number of Options	31-Mar-22	129,704	-	-	13,993	115,711	115,711
	Weighted Average Price	31-Mar-22	54.74	-	-	54.74	54.74	54.74
Scheme X	Number of Options	31-Mar-21	125,062	-	92,955	32,107	-	-
	Weighted Average Price	31-Mar-21	188.75	-	183.38	204.30	-	-
	Number of Options	31-Mar-22	-	-	-	-	-	-
	Weighted Average Price	31-Mar-22	-	-	-	-	-	-
Scheme XI	Number of Options	31-Mar-21	570,000	295,000	300,000	119,000	446,000	6,000
	Weighted Average Price	31-Mar-21	10.00	10.00	10.00	10.00	10.00	10.00
	Number of Options	31-Mar-22	446,000	257,200	23,700	167,750	511,750	28,725
	Weighted Average Price	31-Mar-22	10.00	10.00	10.00	10.00	10.00	10.00
Scheme XII	Number of Options	31-Mar-21	-	-	-	-	-	-
	Weighted Average Price	31-Mar-21	-	-	-	-	-	-
	Number of Options	31-Mar-22	-	-	-	-	-	-
	Weighted Average Price	31-Mar-22	-	-	-	-	-	-
Scheme XIII	Number of Options	31-Mar-21	920,000	1,947,500	-	121,275	2,746,225	98,850
	Weighted Average Price	31-Mar-21	451.65	1,008.29	-	442.47	846.80	442.47
	Number of Options	31-Mar-22	2,746,225	1,990,838	923,803	433,136	3,380,124	226,045
	Weighted Average Price	31-Mar-22	846.80	3,116.67	1,679.25	727.30	1,971.52	892.30
Scheme XIV	Number of Options	31-Mar-21	80,000	-	40,000	-	40,000	10,000
	Weighted Average Price	31-Mar-21	540.82	-	540.82	-	540.82	540.82
	Number of Options	31-Mar-22	40,000	-	40,000	-	-	-
	Weighted Average Price	31-Mar-22	540.82	-	540.82	-	-	-
Total	Number of Options	31-Mar-21	2,452,475	2,242,500	432,959	391,382	3,870,634	753,119
	Number of Options	31-Mar-22	3,870,634	2,248,038	987,516	718,992	4,412,164	775,060

The weighted average share price for the period over which stock options were exercised was ₹ 3,682.54 (previous year ₹ 1,131.43).

c) Details of exercise price for stock options outstanding at the end of the year

Scheme	Range of exercise price	As at March 31, 2022		As at March 31, 2021	
		No. of Options outstanding*	Weighted average remaining	No. of Options outstanding	Weighted average remaining
Scheme I	2.04 – 9.57	-	Note (i)	13	Note (i)
Scheme II	12.96 – 48.21	-	-	-	-
Scheme III	12.96 – 48.21	108,259	Note (i)	127,362	Note (i)
Scheme IV	22.23 – 61.12	246,298	1.73	326,298	2.39
Scheme V	22.23 – 44.14	49,881	Note (i)	51,691	Note (i)
Scheme VI	22.23 – 30.67	-	-	-	-
Scheme VII	24.17 – 61.12	141	0.52	3,341	2.73
Scheme VIII	48.21 – 48.21	-	-	-	-
Scheme IX	54.74 – 54.74	115,711	1.24	129,704	2.24
Scheme X	157.58 – 279.70	-	-	-	-
Scheme XI	10	511,750	4.58	446,000	2.25
Scheme XII	10	-	-	-	-
Scheme XIII	442.47 – 3801.78	3,380,124	3.86	2,746,225	5.59
Scheme XIV	540.82 – 540.82	-	-	40,000	3.08

Note (i) No contractual life is defined in the scheme.

d) Effect of the employee share-based payment plans on the statement of profit and loss and on its financial position

Compensation expense arising from equity-settled employee share-based payment plans for the year ended March 31, 2022 amounted to ₹ 950.23 million (Previous year ₹ 290.44 million). The liability for employee stock options outstanding as at March 31, 2022 is ₹ 1,144.84 million (Previous year ₹ 470.70 million).

e) Weighted average exercise prices and weighted average fair values of options

The Binomial tree and Black-Scholes valuation models have been used for computing the weighted average fair value of the stock options granted during the financial year 2021-22:

Particulars	March 31, 2022		March 31, 2021	
	RSU Scheme XI	ESOP Scheme XIII	RSU Scheme XI	ESOP Scheme XIII
Weighted average share price ₹	3819.71	3670,90	948.4	1182.97
Weighted Exercise Price ₹	10	3107.82	10	1008
Weighted Average Fair Value ₹	3615.75	938.25	838.75	424.39
Expected Volatility	24.42	24.5	31.7	29.09
Life of the options granted ** (Vesting and exercise period)	3 - 4 yrs	3 - 4 yrs	4 yrs	4 yrs
Dividend Yield	200.00%	200.00%	2.00%	2.00%
Average risk-free interest rate	4.98%	4.48%	5.56%	5.49%

** Life of option varies as per graded vesting period for different class of options granted.

The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk-free rate of interest. Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of the Company's publicly traded equity shares and has been modelled based on historical movements in the market prices of the publicly traded equity shares during a larger period to smoothen the fluctuations .

36 Leases

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
- Less than one year	394.01	222.00
- One to five years	1,142.15	623.21
- More than five years	89.10	164.13

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 101.88 million for the year ended March 31, 2022 (Previous year ₹140.89 million).

The Group has has recognized interest on lease liabilities of ₹ 84.06 million under finance costs (Previous year ₹ 57.53 million).

The aggregate depreciation on ROU assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

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37 Related Party Disclosures

(i) Names of related parties and related party relationship

Related parties with whom transactions have taken place	
Associate	Klisma e-Services Private Limited
Key management personnel	Dr. Anand Deshpande, Chairman and Managing Director
	Mr. Christopher O'Connor, Chief Executive Officer and Director (resigned wef August 9, 2020)
	Mr Sandeep Kalra, Executive Director and Chief Executive Officer (Executive Director and President was appointed as the Chief Executive Officer ('CEO') of the Company with effect from October 23, 2020)
	Mr. Sunil Sapre, Executive Director and Chief Financial Officer
	Mr. Amit Atre, Company Secretary
	Mr. Sudhir Kulkarni, Director, Persistent Systems, Inc., USA (resigned as Director of Persistent Systems, Inc (wholly owned subsidiary) w.e.f. April 19, 2019)
	Mr. Azlin Ghazali, Director, Persistent Systems Malaysia Sdn. Bhd.
	Mr. John Ryan, Director, Persistent Systems Malaysia Sdn. Bhd.
	Ms. Audrey Reutens, Director, Persistent Systems Malaysia Sdn. Bhd.
	Mr. Arnaud Pierrel, Director General, Persistent Systems France SAS
	Mr. Steven Ward, Director, Youperience Limited, United Kingdom
	Mr. Bruno Orsier, Director, Persistent Systems France SAS
	Mr. Thomas Klein, Director, Persistent Systems, Inc., USA
	Ms. Roshini Bakshi, Independent Director
	Mr. Pradeep Bhargava, Independent Director
	Mr. Sanjay Bhattacharya, Independent Director (resigned as an Independent Director of the Company w.e.f. July 1, 2019)
	Dr. Anant Jhingran, Director, Persistent Systems, Inc., USA
	Mr. Thomas Kendra, Independent Director
	Mr. Prakash Telang, Independent Director (Retired wef July 24, 2020)
	Mr. Kiran Umrootkar, Independent Director (Retired wef July 24, 2020)
	Mr. Deepak Phatak, Independent Director
	Ms. Avani Davda (Appointed wef December 21, 2021)
	Mr. Guy Eiferman, Independent Director
	Mr. Silvio Galfetti, Director, Parx Werk AG, Switzerland
	Mr. Steffen Drilich, Director, Youperience GmbH, Germany
	Mr. Daniel Seiler, Director, PARX Werk AG
	Mr. Beat Kach, Director, PARX Werk AG
	Mr. Simon Nicholas Llyod-Jenkins, Director, Youperience Limited
	Mr. Brijesh Chandel, Director, Youperience Limited
	Dr. R Venkateswaran, Director, Persistent Systems (Lanka) Private Limited
	Mr. Kolitha Ratwatte, Director, Persistent Systems (Lanka) Private Limited
	Mr. Narasinha (Avadhoot) Upadhye, Director, Aepona Group Limited
	Mr. Guadalupe Torres, Director, Persistent Systems Mexico, S.A. de C.V.
	Mr. Hitesh Salla, Director, Capiot Software Private Limited
	Mr. Ashish Kapoor, Director, Capiot Software Private Limited
	Mr. Sameer Bendre, Director, Capiot Software Private Limited
	Mr. Sameer Dixit, Director, Capiot Software Private Limited
	Mr. Sachin Dewasthalee, Director, Capiot Software Pty Ltd, Australia
	Mr. Vaudeva Anumukonda, Director, Capiot Software Inc
	Mr. Ashish Kapoor, Director, Capiot Software PTE Ltd
	Mr. Abhilash Mohan, Director, Capiot Software Pty Ltd, Australia
	Mr. D. Keith Sides Manager, Software Corporation International LLC, USA
	Mr. Eric Massenburg, Manager, Fusion360 LLC, USA
Relatives of Key management personnel	Mr. Suresh Deshpande (Father of the Chairman and Managing Director)
	Mrs. Sulabha Deshpande (Mother of the Chairman and Managing Director)
	Mrs. Sonali Anand Deshpande (Wife of the Chairman and Managing Director)
	Dr. Mukund Deshpande $ (Brother of the Chairman and Managing Director)
	Mrs. Chitra Buzruk $ (Sister of the Chairman and Managing Director)
	Mr. Arul Deshpande ** (Son of the Chairman and Managing Director)
Entities over which a key management personnel have significant influence	Persistent Foundation

Persistent Systems Limited

Notes forming part of consolidated financial statements

37. (ii) Related party transactions

(In ₹ Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2022	March 31, 2021
Donation given	**Entity over which a key management personnel has significant influence**		
	Persistent Foundation	115.36	140.00
		115.36	**140.00**
Remuneration # (Salaries, bonus and contribution to other funds)	**Key Management Personnel**		
	Dr. Anand Deshpande	31.94	26.26
	Mr. Christopher O'Connor	-	158.50
	Mr. Sunil Sapre (including value of perquisites for stock options exercised ₹ 73.25 million during the year (Previous year: ₹ 31.72 million)	90.21	46.42
	Mr. Amit Atre (including value of perquisites for stock options exercised ₹ 3.19 million during the year (Previous year: Nil)	7.17	3.40
	Sudhir Kulkarni	-	-
	Mr. Sandeep Kalra (including value of perquisites for stock options exercised ₹ 361.06 million during the year (Previous year: ₹ 45.84 million)	468.68	110.53
	Mr. Azlin Ghazali	11.87	10.33
	Ms. Audrey Reutens	6.45	5.38
	Mr. Arnaud Pierrel	15.50	14.66
	Mr. Bruno Orsier	11.94	11.36
	Mr. Thomas Klein (including value of perquisites for stock options exercised ₹ 31.99 million during the year (Previous year: Nil)	79.40	44.87
	Mr. Steffen Drilich	16.35	17.89
	Mr. Steven Ward	19.66	22.94
	Mr. Simon Nicholas Lloyd Jenkins	18.51	22.57
	Mr. Narasinha (Avadhoot) Upadhye (including value of perquisites for stock options exercised ₹ 8.17 million during the year (Previous year: ₹ 0.33 million)	12.36	3.70
	Mr. Silvio Galfetti	11.17	3.09
	Mr. Daniel Seiler	20.76	29.33
	Mr. Kolitha Ratwatte (Resigned with effect from Sep 30, 2021)	3.42	6.88
	Mr. Hitesh Salla, Director	20.17	2.46
	Mr. Ashish Kapoor	16.08	2.46
	Mr. Vasudeva Anumukonda (joined with effect from November 7, 2020)	34.83	6.37
	Mr. Abhilash Mohan (joined with effect from November 7, 2020)	13.33	3.09
	Mr. Sameer Bendre (including value of perquisites for stock options exercised ₹ 36.23 million (Previous year: ₹ 0.19 million)	46.89	11.07
	Mr. D. Keith Sides	4.58	-
	Mr. Eric Massenburg, Manager	6.31	-
	Mr. Brijesh Chandel (appointed in FY 21-22)	23.17	-
	Mr. Beat Kaech (appointed in FY 21-22)	17.95	-
	Mr. Guadalupe Torres	13.00	10.62
	Mr. Sachin Dewasthalee (Joined with effect from May 2020) (including value of perquisites for stock options exercised ₹ 17.24 million during the year (Previous year: Nil)	26.56	8.03
	Dr. R Venkateswaran (including value of perquisites for stock options exercised ₹ 34.86 million during the year (Previous year: ₹ 5.68 million)	43.26	12.70
	Mr. Sameer Dixit (including value of perquisites for stock options exercised ₹ 17.19 million during the year (Previous year: ₹ 0.81 million)	25.49	8.12
	Independent directors:		
	Ms. Roshini Bakshi	4.08	2.09
	Mr. Pradeep Bhargava	4.33	2.26
	Dr. Anant Jhingran	3.53	1.83
	Mr. Thomas Kendra	3.63	1.69
	Mr. Prakash Telang	-	0.74
	Mr. Kiran Umrootkar	-	0.74
	Mr. Praveen Kadle	4.19	
	Mr. Guy Eiferman	3.81	2.08
	Dr. Deepak Phatak	3.88	1.81
	Ms. Avani Davda	0.79	-
	Relatives of Key Management Personnel		
	Dr. Mukund Deshpande (including value of perquisites for stock options exercised ₹ 2.87 million during the year 2020-21) $	-	2.87
	Mr. Arul Deshpande **	3.88	0.03
	Total	**1,149.13**	**619.17**
Dividend paid	**Key Management Personnel**		
	Dr. Anand Deshpande	457.22	319.90
	Mr. Sunil Sapre	1.04	0.06
	Mr Sandeep Kalra	1.77	0.56
	Mr. Amit Atre	0.03	-
	Independent directors:		
	Pradeep Bhargava	0.24	0.18
	Roshini Bakshi	-	0.07
	Relatives of Key Management Personnel		
	Mr. Suresh Deshpande	0.10	0.07
	Mrs. Chitra Buzruk	9.39	6.57
	Dr. Mukund Deshpande	8.00	5.60
	Mrs. Sonali Anand Deshpande	2.24	1.57
	Mrs. Sulabha Suresh Deshpande	0.12	0.64
	Mr. Arul Deshpande	0.20	0.14
	Total	**480.35**	**335.36**

(iii) Outstanding balances

	Name of the related party and nature of relationship	As at	
		March 31, 2022	March 31, 2021
Advances given	**Associate**		
	Klisma e-Services Private Limited @	-	0.81
	Total	-	**0.81**
Investments	**Associate**		
	Klisma e-Services Private Limited @	-	0.05
	Total	-	**0.05**
Loans given	**Associate**		
	Klisma e-Services Private Limited @	-	27.43
	Total	-	**27.43**

Guarantees and letters of comfort

i. Guarantees outstanding as at March 31,2022: Rs. 3,522.19 Million (March 31, 2021: Rs. 3,901.81 Million).
ii. Letters of letters of comfort of USD 60 Million: Rs. 4,547.40 Million (March 31, 2021: Nil) to bank for loans availed by subsidiary of the Parent Company.

Notes:

$ Dr. Mukund Deshpande and Mrs. Chitra Buzruk and have resigned w.e.f. Apr 28, 2020 and May 29, 2020 respectively.

The remuneration to the key managerial personnel does not include the provisions made for gratuity, long service awards and leave benefits, as they are determined on an actuarial basis for the Company/Group as a whole.

** Mr. Arul Deshpande has joined with effect from March 8, 2021

The key managerial personnel though appointed during the year, their remuneration for the financials year ended March 31, 2022 and March 31, 2021 has been disclosed for the entire financial year.

@ Klisma e-Services Private Limited ('Klisma'), an Associate of the Company has been dissolved w.e.f. August 10, 2021 vide dissolution order passed by the Hon'ble National Company Law Tribunal, Mumbai Bench. These balances were fully provided.

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38 Capital and other commitments

	As at	
	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	158.66	223.81
Other commitments		
Forward contracts	13,605.02	10,410.34

For commitments relating to lease agreements, please refer note 36.

39 Auditors' remuneration

	For the year ended	
	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million
As auditor:		
- Audit fee	10.35	9.73
In other capacity:		
- Other services	0.84	1.21
Reimbursement of expenses	0.20	0.20
	11.39	**11.14**

40 Research and development expenditure

The particulars of expenditure incurred on in-house research and development are as follows:

	For the year ended	
	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million
Capital	-	-
Revenue	230.51	641.42
	230.51	**641.42**

41 Net dividend remitted in foreign exchange

In ₹ Million

Particulars	Period to which dividend relates	No. of non-resident shareholders	No. of equity shares held on which dividend was due (in million)	For the year ended	
				March 31, 2022	March 31, 2021
Interim dividend	2021-22	5	0.37	5.95	4.11
Final dividend	2020-21	3	0.37	1.76	-

Persistent Systems Limited

Notes forming part of consolidated financial statements

42. Contingent liabilities

(In ₹ Million)

Sr. No		As at March 31, 2022	As at March 31, 2021
a)	**Claims against the company not acknowledged as debt***		
1	**Indirect tax matters**		
	(i) In respect to the order passed by the Learned Principal Commissioner of Service Tax, Pune, for Service tax under import of services on reverse charge basis for the Financial Year 2014-15, the Parent Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017. The Parent Company has paid ₹ 165.58 million under protest towards the demand and the same forms part of the GST receivable balance. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Parent Company will be eligible to claim credit/refund for the amount paid.	173.78	173.78
	(ii) In respect of export incentives pertaining to previous periods amounting to ₹ 255.52 million, which have been refunded under protest with interest of ₹ 41.03 million, the Parent Company has filed an application with Directorate General of Foreign Trade (DGFT). Based on the documents filed with relevant authorities and based on the consultations with subject matter specialists, the Parent Company believes that its position is most likely be upheld on ultimate resolution.	296.55	296.55
	(iii) Other Pending litigations in respect of Indirect taxes.	13.53	27.33
2	**Income tax demands disputed in appellate proceedings**	855.02	478.70
b)	**Guarantees and Letter of Comfort on behalf of Subsidiaries**		
1	Guarantees given on behalf of subsidiaries	770.78	1,109.08
2	Letters of comfort on behalf of subsidiary (USD 60 Million (Previous year : Nil))	4,547.40	-

*The Parent Company, based on independent legal opinions and judgments in favour of the Parent Company in the earlier years, believes that the liabilities with respect to the above matters is not likely to arise and therefore, no provision is considered necessary in the financial statements.

43 Details of Corporate Social Responsibility expenditure

(In ₹ Million)

		March 31, 2022	March 31, 2021
a)	Gross amount required to be spent by the Company during the year	110.24	94.49
b)	Amount of Expenditure incurred		
	(i) Construction/acquisition of any asset	-	-
	(ii) On purposes other than (i) above	115.53	150.00
c)	Shortfall at the end of year	-	-
d)	Total of previous year shortfall	-	-
e)	Reason for shortfall	-	-
f)	Nature of CSR Activity	Donation given to the following entities: a. Persistent Foundation b. Help Age India c. Wildlife Research and Conservation Society	Donation given to Persistent foundation and PM Care fund
g)	Details of related party transactions		
	Donation given to Persistent Foundation	115.36	140.00
h)	Deails of provision made for liability incurred by entering into a contractual obligation	-	-

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44 Business Combinations

The acquisition of the following businesses is accounted for using the acquisition method of accounting under Ind AS 103 Business Combinations.

In case of acquistions, the Goodwill is comprised of expected synergy benefit from combining operations and value of assembled work force which do not qualify for separate recognition.

Deferred purchase consideration in form of Earnouts is payable upon achievement of revenue and gross margin thresholds as specified in the agreements. The estimated range of outcome of payment of the same is assumed at 90%.

a) Update on Purchase price allocation of acquisiton of CAPIOT Group

During previous year ended March 31, 2021, the Group acquired 100% share capital of CAPIOT Software Private Limited, a company based in India, 100% share capital of CAPIOT Software Inc, a company based in USA, along with its wholly owned subsidiaries CAPIOT Software Pty Limited, a company based in Australia and CAPIOT Software Pte Limited, a company based in Singapore.

The acquisition of the said business was accounted for using the acquisition method of accounting on provisional basis availing the exemption under Ind AS 103.

Following are the results after conclusion of purchase price allocation exercise:

The fair value amount of consideration paid/payable is ₹ 667.12 million (including deferred purchase consideration of ₹ 208.12 million.)

(In ₹ Million)

Particulars	**Total**
Current Assets	
Cash and & cash equivalents	30.90
Trade receivables	70.62
Other current assets	171.75
Non-current assets	
Property, Plant and Equipment	7.00
Deferred tax asset	0.11
Contractual rights	121.16
Goodwill	469.82
Current liabilities	
Trade and other payables	119.95
Borrowings	84.29
Net assets	**667.12**

b) Entities acquisition

Persistent Systems Inc., a wholly owned Subsidiary of the Company acquired Software Corporation International LLC ("SCI") and its affiliate SCI Fusion360 LLC ("Fusion") (together referred to as "SCI Fusion Group"), on October 5, 2021.

SCI brings deep domain consulting capabilities specializing in Payment solutions, integration, and support services for an impressive portfolio of leading US Banks. Additionally, Fusion360 provides application development, maintenance, and support for leading Payment platforms including IBM's Financial Transaction Manager. These acquisitions enhance Persistent's capabilities and will serve as the foundation of a dedicated Payments business unit.

The fair value of amount of consideration is ₹ 3,388.17 million (including deferred purchase consideration of ₹ 792.37 million.)

Purchase price allocation :

Particulars	**In ₹ Million**
Current Assets	
Cash and & cash equivalents	49.01
Trade receivables	201.62
Other current assets	15.81
Other current financial assets	4.55
Non-current assets	
Property, Plant and Equipment	6.51
Acquired contratual rights	953.89
Non-compete rights	26.27
Goodwill	2,166.99
Subtotal	**3,424.65**
Current liabilities	
Trade and other payables	36.48
Subtotal	**36.48**
Net assets taken over	**3,388.17**

Revenue of ₹ 560.61 million for the period ended March 31, 2022 is included in the financial statements. The profit included for the period ended March 31, 2022 is ₹ 64.96 million.

Had the business combination been effected on April 1, 2021, the revenue for the year ended March 31, 2022 for the Company from the continuing operations would have been ₹ 57,717.07 million and the net profit for the year ended March 31, 2022 would have been ₹ 6,962.44 million.

Notes forming part of consolidated financial statements

c) **Business acquisitions**

a. Shree Infosoft Pvt. Ltd. and Shree Partners LLC

(1) On November 18, 2021 the Parent Company has entered into an Agreement effecting business acquisition of Shree Infosoft Pvt. Ltd., India ('Shree Infosoft') on September 29, 2021 to acquire its customer relations together with the skilled employees and processes.
Along with this transaction, Persistent Systems Inc., the wholly owned subsidiary of the Parent company, has entered into an Agreement effecting business acquisition of Shree Partners LLC, USA, ("Shree Partners").
After the acquisition of business, the Group does not hold any equity interest in Shree Infosoft and Shree Partners. The acquisition will strengthen the Group's presence in innovative cloud, infrastructure and solutions in artificial intelligence and machine learning. Its acquisiton will help the Group meet the growing needs of its clients and it also add a new point of presence in NCR, India, additional industry capabilities.

(2) The acquisition of the said businesses is accounted for using the acquisition method of accounting under Ind AS 103. The Group is in the process of performing the complete exercise of purchase price allocation of assets and liabilities assumed as at the reporting date. The Group has exercised the option available under Ind AS 103, which provides the Group a period of twelve months from the acquisition date for completing the accounting of purchase price allocation on provisional basis.

The fair value of amount of consideration paid/payable recognised on provisional basis is ₹ 485.24 million (including deferred purchase consideration of ₹ 198.45 million.).

(3) Based on provisional purchase price allocation exercise, the Group has recognised the following assets:

Particulars	In ₹ Million
Non-current assets	
Property, Plant and Equipment	1.97
Provisional intangible assets*	483.27
Total assets	**485.24**

*Based on provisional purchase price allocation, the Group has recognised the provisional intangible assets represented by contractual rights amounting to ₹ 245.44 million and goodwill amounting to ₹ 237.83 million

b. Data Glove Group

(1) On March 1, 2022 the Group acquired businesses from Data Glove IT Solutions Private Ltd, India, Data Glove Inc., USA and its affiliate entities based out of Australia, UK,Singapore and Costa Rica (together referred to as "Data Glove Group"). The Data Glove Group businesses comprise of Microsoft Cloud Modernization Services Partnership with Gold level competencies in Azure Cloud Platform, Data Center, Application Development and Data Analytics, Application Integration. After the acquisition of business, the Group does not hold any equity interest except in Data Glove IT Solutions Limitada. This acquisition will help the Group enhance its partnership and expand expertise in Azure-based digital transformation, enabling it to capture a larger share of this high growth market. This acquisition also broadens the Group's delivery capabilities with highly skilled talent, establishing a new nearshore delivery center in Costa Rica and expanding its presence in the US and India.

(2) The acquisition of the said businesses is accounted for using the acquisition method of accounting under Ind AS 103. The Group is in the process of performing the complete exercise of purchase price allocation of assets and liabilities assumed as at the reporting date. The Group has exercised the option available under Ind AS 103, which provides the Group a period of twelve months from the acquisition date for completing the accounting of purchase price allocation on provisional basis.

The fair value of amount of consideration paid/payable recognised on provisional basis is ₹ 6,182.37 million (including deferred purchase consideration of ₹ 2,364.09 million.)

(3) Based on provisional purchase price allocation exercise, the Group has recognised the following assets:

Particulars	In ₹ Million
Current Assets	
Cash and & cash equivalents	12.06
Trade receivables	19.67
Other current assets	0.08
Other current financial assets	34.30
Non-current assets	
Property, Plant and Equipment	5.04
Provisional intangible assets*	6,168.47
Subtotal	**6,239.62**
Current liabilities	
Trade and other payables	57.25
Subtotal	**57.25**
Net assets taken over	**6,182.37**

*Based on provisional purchase price allocation, the Group has recognised the provisional intangible assets represented by contractual rights amounting to ₹ 3,061.98 million and goodwill amounting to ₹ 3,106.49 million.

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Persistent Systems Limited

Notes forming part of consolidated financial statements

45 Ratio Analysis and its elements

Ratio	Denomination	Numerator	Denominator	March 31, 2022	March 31, 2021	% change	Reason for variance (If more than 25%)
(a) Current ratio	Number	Current Assets	Current Liabilities	1.99	3.47	-42.65%	Refer Note 1
(b) Debt-Equity ratio	%	Debt	Shareholder's Equity	12.84%	0.17%	12.68%	
(c) Debt Service Coverage ratio	Number	Earnings available for debt service**	Debt service within a year	6.05	3321.96	-99.82%	Refer Note 2
(d) Return on Equity ratio	%	Net Profit after tax	Average Shareholder's Equity	22.68%	17.38%	5.30%	
(e) Trade Receivables turnover ratio	Number	Revenue from operations	Average Trade receivables	5.92	7.32	-19.09%	
(f) Trade payables turnover ratio	Number	Cost of professionals and other expenses ± non-cash adjustments	Average Trade payables	2.98	3.49	-14.37%	
(g) Net capital turnover ratio	Number	Revenue from operations	Working capital	4.04	2.20	83.42%	Refer Note 3
(h) Net profit ratio	%	Net Profit after tax	Turnover	12.09%	10.76%	1.33%	
(i) Return on Capital employed	%	Profit before interest and tax	Average capital employed	28.36%	23.70%	4.66%	
(j) Return on investment	%	Income generated from treasury investments	Average invested funds in treasury investments	5.90%	5.19%	0.72%	

**Earnings available for debt service = Profit Before Tax + Finance cost + Depreciation & Amortization - Other income - Lease payments

Note 1: Increase in current liabilities towards payable to selling shareholders has resulted into decrease in the ratio.

Note 2: Borrowings made during the year to fund the acquisitions have resulted into decrease in the ratio.

Note 3: Revenue growth during the year has resulted in improvement in ratio.

46 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules to determine the financial impact are published.

47 The Parent Company has deposits of ₹ 430 million with the financial institutions viz. Infrastructure Leasing & Financial Services Ltd. (IL&FS) and IL&FS Financial Services Ltd. (referred to as "IL&FS Group") as on the balance sheet date. These were due for maturity from January 2019 to June 2019. In view of the uncertainty prevailing with respect to recovery of outstanding balances from IL&FS Group, Management of the Parent Company has fully provided for these deposits, along with interest accrued thereon till the date the deposits had become doubtful of recovery. The Management is hopeful of recovery though with a time lag. The Parent Company continues to monitor developments in the matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposits.

48 Finance costs include interest on lease liability of ₹ 84.06 million under finance costs (Previous year ₹ 57.53 million) and notional interest on amounts due to selling shareholders ₹ 15.73 million (Previous year: Nil).

49 The financial statements are presented in ₹ million and decimal thereof except for per share information or as otherwise stated.

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

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 22:16:40 +05'30'

Shashi Tadwalkar
Partner
Membership No. :- 101797

Place: Pune
Date : April 27, 2022

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra (Apr 27, 2022 18:05 GMT+5.5)

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune	Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022	Date : April 27, 2022

Sunil Sapre (Apr 27, 2022 17:19 GMT+5.5)

Amit Atre (Apr 27, 2022 17:04 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022

. (Apr 27, 2022 16:59 GMT+5.5)

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Independent Auditor's Report

To the Members of Persistent Systems Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of **Persistent Systems Limited** ('the Company'), which comprise the Balance Sheet as at **31 March 2022**, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Walker Chandiok & Co LLP is registered with limited liability with identification number AAC-2085 and has its registered office at L-41, Connaught Circus, Outer Circle, New Delhi, 110001, India

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No	Key audit matter	How our audit addressed the key audit matter
1.	**Accuracy of revenues and onerous obligations in respect of fixed-price contracts** Refer Notes 3.4 (i) notes forming part of the Standalone Financial Statements. The Company has entered into various fixed-price software development contracts, for which revenue is recognized by the Company using the percentage of completion computed as per the Input method prescribed under Ind AS 115 Revenue from Contracts with Customers. The said revenue recognition accounting policy involves exercise of significant judgement by the management and the following factors requiring significant auditor attention: • High inherent risk around accuracy of revenue, given the customised and complex nature of these contracts and significant involvement of IT systems. • High estimation uncertainty relating to determination of the progress of each contract, costs incurred till date and additional costs required to complete the remaining contract. • Identification and determination of onerous contracts and related obligations. • Determination of unbilled revenue receivables and unearned revenue related to these contracts as at end of reporting period. Considering the materiality of the amounts involved, and significant degree of judgement and subjectivity involved in the estimates as mentioned above, we have identified revenue recognition for fixed price contracts and determination of onerous contracts and related provisions, as a key audit matter for the current year audit.	Our audit work included but was not restricted to the following procedures: • Obtained an understanding of the systems, processes and controls implemented by management for recording and calculating revenue, and the associated unbilled revenue, unearned and deferred revenue balances, and onerous contract obligations. • Tested the design and operating effectiveness of related manual controls and involved auditor's experts to assess key information technology (IT) controls over: ➢ IT environment in which the business systems operate, including access controls, segregation of duties, program change controls, program development controls and IT operation controls; and ➢ Testing the IT controls over the completeness and accuracy of cost/efforts and revenue reports generated by the system; and ➢ Testing the access and application controls pertaining to allocation of resources and budgeting systems which prevents the unauthorized changes to recording of efforts incurred and controls relating to the estimation of contract efforts required to complete the project. • Selected a sample of contracts and performed a retrospective review of efforts incurred with estimated efforts to identify significant variations and verify whether those variations have been considered in estimating the remaining efforts to complete the contract. • Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations.

Sr. No	Key audit matter	How our audit addressed the key audit matter
		• Performed analytical procedures for reasonableness of incurred and estimated efforts. • Evaluated management's identification of onerous contracts based on estimates tested as above. Evaluated the appropriateness of disclosures made in the financial statements with respect to revenue recognized during the year as required by applicable Indian Accounting Standards.
2.	**Contingent liabilities relating to export incentive litigation** Refer Note 36 – notes forming part of the Standalone Financial Statements regarding dispute on export incentives scrips awarded to the Company The Company in previous years has deposited under protest ₹ 296.55 million with the Directorate General of Foreign Trade pursuant to the summons received from the Directorate of Revenue Intelligence ('DRI') and have made a corresponding application with the relevant authorities. The Company has received Show Cause Notice ('SCN') from DRI in the previous years, claiming that the Company is not eligible for the benefit under the scheme and if the Company has wrongfully claimed such benefits, it will be liable for such consequential penalties. The management based on their assessment and interpretation of various applicable rules, regulations, practices and precedents, and based on various documents filed with relevant authorities to avail these claims, believes that they have a strong case and the export incentives of ₹ 296.55 million deposited under protest are fully recoverable. Accordingly, the duty paid under protest, has been presented as receivable from government authority and has been correspondingly disclosed under contingent liability. In view of the amounts involved and uncertainty pertaining to the final outcome of the matter requiring significant management judgement in determination of recoverability of the aforesaid balance with respect to the said litigation, this matter has been considered as a key audit matter for the current year's audit.	Our audit work included but was not restricted to the following procedures: • Obtained an understanding of the Company's process and the underlying controls for identification and monitoring of the pending litigations and completeness of such litigations for financial reporting • Assessed the appropriateness of the Company's accounting policies relating to provisions and contingent liability disclosure, in accordance with the applicable Indian Accounting Standards • Discussed developments during the year in the export incentive matter with the management and obtained opinion from the management's expert. • Obtained the documents for various correspondences made between the Company and the respective departments. • Involved auditor's expert to test the management's underlying assumptions in estimating the export incentive benefits and the possible outcome of the matters. This involved assessing the probability of an unfavourable outcome of a given proceeding and the reliability of estimates of related amounts which involved consideration of legal precedence and other rulings and expert opinion obtained by the management. • Assessed adequacy and appropriateness of the contingent liability disclosure in Note 36 to determine whether management has presented the facts and circumstances adequately.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

    - Obtain sufficient appropriate audit evidence regarding the financial information/financial statements of the Company to express an opinion on the financial statements.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure 'A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

17. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) The standalone financial statements dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure B wherein we have expressed an unmodified opinion; and

    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in note 36 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2022;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;

        iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022;

        iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

            (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

V. The dividend declared and paid during the year ended 31 March 2022 by the Company is in compliance with section 123 of the Act.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 21:46:20 +05'30'

Shashi Tadwalkar
Partner
Membership No:101797

UDIN:22101797AHXPOD1460

Place: Pune
Date: 27 April 2022

Annexure A referred to in Paragraph 14 of the Independent Auditor's Report of even date to the members of Persistent Systems Limited on the standalone financial statements for the year ended 31 March 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular program of physical verification of its property, plant and equipment, right of use assets under which the assets are physically verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment, right of use assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment and Right of Use assets or intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.

(ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii) of the Order is not applicable to the Company.

(b) The Company has not been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets during any point of time of the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) (a) The Company has provided loans or advances in the nature of loans, guarantee to two companies and one other Party. The details of the same are given below:

Particulars	Guarantees ₹ million	Loans ₹ million
Aggregate amount provided during the year	-	420.67
- Subsidiary		3,522.00
- Others		
Balance outstanding as at balance sheet date	770.78	420.67
- Subsidiary	-	3,522.00
- Others		

(b) The investments made, guarantees provided, security given and terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not, prima facie, prejudicial to the Company's interest.

Walker Chandiok & Co LLP is registered with limited liability with identification number AAC-2085 and has its registered office at L-41, Connaught Circus, Outer Circle, New Delhi, 110001, India

Annexure A (Contd)

(c) In respect of loans and advances in the nature of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular.

(d) There is no overdue amount in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties.

(e) The Company has granted loans or advances in the nature of loans which had fallen due during the year and was/were repaid on or before the due date. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan.

(f) The Company has not granted any loans or advances in the nature of loans, which are repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans, investments, guarantees and security, as applicable.

(v) The Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/business activity. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹ Million)	Amount paid under Protest (₹Million)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income tax	12.52	-	2008-09	Honourable High Court
The Income Tax Act, 1961	Income tax	28.69	-	2009-10	Honourable High Court
The Income Tax Act, 1961	Income tax	19.06	-	2010-11	Honourable High Court
The Income Tax Act, 1961	Income tax	11.68	-	2012-13	Honourable High Court

Annexure A (Contd)

Name of the statute	Nature of dues	Gross Amount (₹ Million)	Amount paid under Protest (₹Million)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income tax	21.84	25.20	2013-14	Honourable High Court
The Income Tax Act, 1961	Income tax	6.73	-	2013-14	Assessing officer (AO)
The Income Tax Act, 1961	Income tax	32.83	32.83	2014-15	Honourable High Court
The Income Tax Act, 1961	Income tax	9.31	9.31	2014-15	Assessing officer (AO)
The Income Tax Act, 1961	Income tax	7.02	1.5	2015-16	Honourable High Court
The Income Tax Act, 1961	Income tax	19.42	-	2015-16	Assessing officer (AO)
The Income Tax Act, 1961	Income tax	277.22	-	2017-18	Commissioner (Appeals)
The Income Tax Act, 1961	Income tax	379.74	-	2018-19	Commissioner (Appeals)
Maharashtra Value added Tax Act, 2002	Sales Tax	6.6	6.6	2005-06, 2006-07, 2007-08, 2008-09, and 2014-15	Customs, Excise and Service Tax Appellate Tribunal
Maharashtra Value added Tax Act, 2002	Sales Tax	6.8	6.8	2010-11, 2013-14 and 2016-17	Joint Commissioner (Appeals) - VAT
The Customs Act, 1962	Export incentive	296.55	296.55	2015-16, 2016-17 and 2017-18	Directorate of Revenue Intelligence
The Finance Act, 1994	Service tax	173.78	165.58	2014-15	Central Excise and Service Tax Appellate Tribunal

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.

Annexure A (Contd)

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.

(b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.

Annexure A (Contd)

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause (xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 21:46:51 +05'30'

Shashi Tadwalkar
Partner
Membership No:101797

UDIN:22101797AHXPOD1460

Place: Pune
Date: 27 April 2022

Annexure B to the Independent Auditor's Report of even date to the members of Persistent Systems Limited on the standalone financial statements for the year ended 31 March 2022

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of **Persistent Systems Limited** ('the Company') as at and for the year ended **31 March 2022**, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit ofInternal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accounts of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as

Annexure B (Contd)

necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 21:47:08 +05'30'

Shashi Tadwalkar
Partner
Membership No:101797

UDIN:22101797AHXPOD1460

Place: Pune
Date: 27 April 2022

Persistent Systems Limited

BALANCE SHEET AS AT MARCH 31, 2022

	Notes	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
ASSETS			
Non-current assets			
Property, Plant and Equipment	5.1	2,733.61	2,270.24
Capital work-in-progress	5.2	1,071.02	112.33
Right of Use assets	5.3	671.63	314.62
Other Intangible assets	5.4	780.73	171.65
		5,256.99	2,868.84
Financial assets			
- Investments	6	8,734.81	7,779.54
- Loans	7	3,943.68	-
- Other non-current financial assets	8	226.68	77.99
Deferred tax assets (net)	9	266.72	245.74
Other non-current assets	10	557.98	419.73
		18,986.86	**11,391.84**
Current assets			
Financial assets			
- Investments	11	4,346.91	6,374.95
- Trade receivables (net)	12	4,426.84	2,966.26
- Cash and cash equivalents	13	563.67	862.72
- Bank balances other than cash and cash equivalents	14	6,038.02	7,387.00
- Loans	15	-	-
- Other current financial assets	16	3,708.73	2,113.12
Other current assets	17	1,371.26	1,656.93
		20,455.43	**21,360.98**
TOTAL		**39,442.29**	**32,752.82**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4	764.25	764.25
Other equity		32,424.60	26,890.99
		33,188.85	**27,655.24**
LIABILITIES			
Non- current liabilities			
Financial liabilities			
- Borrowings	18	3.70	5.54
- Lease liabilities	19	611.75	304.72
Provisions	20	245.54	240.94
		860.99	**551.20**
Current liabilities			
Financial liabilities			
- Borrowings	18	1.93	1.96
- Lease liabilities	19	146.51	73.82
- Trade payables	21		
-Dues of micro enterprises and small enterprises		10.30	30.20
-Dues of creditors other than micro enterprises and small enterprises		844.68	908.20
- Other financial liabilities	22	366.88	395.46
Other current liabilities	23	1,509.04	1,679.01
Provisions	24	2,269.73	1,145.59
Current tax liabilities (net)		243.38	312.14
		5,392.45	**4,546.38**
TOTAL		**39,442.29**	**32,752.82**
Summary of significant accounting policies	3		

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR — Digitally signed by SHASHI TADWALKAR Date: 2022.04.27 21:47:25 +05'30'

Shashi Tadwalkar
Partner

Membership No.: 101797

Place: Pune
Date : April 27, 2022

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra (Apr 27, 2022 18:07 GMT+5.5)

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune Date : April 27, 2022	Place: Pune Date : April 27, 2022	Place: Pune Date : April 27, 2022

Sunil Sapre (Apr 27, 2022 17:18 GMT+5.5)

Amit Atre (Apr 27, 2022 16:56 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune Date : April 27, 2022	Place: Pune Date : April 27, 2022

Place: Pune
Date : April 27, 2022

Persistent Systems Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

	Notes	For the year ended March 31, 2022 In ₹ Million	For the year ended March 31, 2021 In ₹ Million
Income			
Revenue from operations (net)	25	35,754.80	24,796.08
Other income	26	1,324.57	1,176.16
Total income (A)		**37,079.37**	**25,972.24**
Expenses			
Employee benefits expense	27.1	21,882.72	14,093.21
Cost of professionals	27.2	1,461.91	1,775.07
Finance costs (refer note 33)		68.78	38.21
Depreciation and amortization expense	5.5	837.57	566.79
Other expenses	28	3,707.78	2,818.76
Total expenses (B)		**27,958.76**	**19,292.04**
Profit before tax (A - B)		**9,120.61**	**6,680.20**
Tax expense			
Current tax		2,236.61	1,684.00
Tax charge in respect of earlier years		13.48	2.74
Deferred tax charge / (credit)		11.86	(57.40)
Total tax expense (refer note 31)		**2,261.95**	**1,629.34**
Profit for the year (C)		**6,858.66**	**5,050.86**
Other comprehensive income			
Items that will not be reclassified to profit or loss (D)			
- Remeasurements of the defined benefit liabilities / asset (net of tax)		(190.82)	15.93
		(190.82)	**15.93**
Items that will be reclassified to profit or loss (E)			
- Effective portion of cash flow hedge (net of tax)		(97.66)	383.55
		(97.66)	**383.55**
Total other comprehensive income for the year (D) + (E)		**(288.48)**	**399.48**
Total comprehensive income for the year (C) + (D) + (E)		**6,570.18**	**5,450.34**
Earnings per equity share	29		
[Nominal value of share ₹10 (Previous year: ₹10)]			
Basic (In ₹)		89.74	66.09
Diluted (In ₹)		89.74	66.09
Summary of significant accounting policies	3		

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR Digitally signed by SHASHI TADWALKAR Date: 2022.04.27 21:47:46 +05'30' Anand Deshpande

Shashi Tadwalkar
Partner

Membership No.: 101797

Place: Pune
Date : April 27, 2022

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra
Sandeep Kalra (Apr 27, 2022 18:07 GMT+5.5)

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune	Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022	Date : April 27, 2022

Sunil Sapre
Sunil Sapre (Apr 27, 2022 17:18 GMT+5.5)

Amit Atre
Amit Atre (Apr 27, 2022 16:56 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022

Place: Pune
Date : April 27, 2022

Persistent Systems Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

		For the year ended	
		March 31, 2022 In ₹ Million	March 31, 2021 In ₹ Million
Cash flows from operating activities			
Profit before tax		**9,120.61**	**6,680.20**
Adjustments for:			
Interest income		(593.58)	(548.82)
Finance cost		68.78	38.21
Dividend income		(53.16)	(131.45)
Depreciation and amortization expense		837.57	566.79
Unrealised exchange loss (net)		26.38	151.02
Exchange loss / (gain) on derivative contracts		79.38	(169.80)
Exchange loss on translation of foreign currency cash and cash equivalents		0.29	23.15
Bad debts		12.12	46.96
Change in provision for expected credit loss (net)		(29.97)	(20.20)
Employee stock compensation expenses		739.52	236.33
Remeasurements of the defined benefit liabilities / assets (before tax effects)		(190.82)	15.93
Excess provision in respect of earlier years written back		(15.53)	-
Profit on sale/ fair valuation of financial assets designated as FVTPL		(338.78)	(344.43)
(Profit) / loss on sale of Property, Plant and Equipment (net)		(12.31)	8.10
Operating profit before working capital changes		**9,650.50**	**6,551.99**
Movements in working capital :			
Increase In other non current assets		(40.48)	(78.73)
(Increase) / Decrease in other non current financial assets		(70.68)	37.02
(Increase) / Decrease in other current financial assets		(1,594.52)	363.88
Decrease / (Increase) in other current assets		285.67	(171.56)
Increase in trade receivables		(1,470.96)	(312.65)
Increase in trade payables, current liabilities and non current liabilities		273.76	1,059.46
Increase in provisions		1,144.27	613.36
Operating profit after working capital changes		**8,177.56**	**8,062.77**
Direct taxes paid (net of refunds)		(2,318.85)	(1,494.81)
Net cash generated from operating activities	**(A)**	**5,858.71**	**6,567.96**
Cash flows from investing activities			
Payment towards capital expenditure (including intangible assets, capital advances and capital creditors)		(2,728.84)	(707.24)
Acquisition assets through business combination		(628.87)	-
Proceeds from sale of Property, Plant and Equipment		13.19	4.13
Loan to ESOP trust		(3,522.00)	-
Investment in wholly owned subsidiaries		(645.52)	(376.61)
Purchase of bonds		(711.90)	(712.18)
Proceeds from sale of bonds		499.95	350.53
Investments in mutual funds		(33,456.80)	(24,591.91)
Proceeds from sale / maturity of mutual funds		35,762.24	25,068.92
Maturity / (Investments) in bank deposits having original maturity over three months		1,249.81	(4,464.82)
Investment in deposit with financial institutions		(100.00)	-
Inter corporate deposits given to wholly owned subsidiary		(419.59)	-
Interest received		709.07	359.89
Dividend received		53.16	131.45
Net cash used in investing activities	**(B)**	**(3,926.10)**	**(4,937.84)**
Cash flows from financing activities			
Repayment of long term borrowings		(1.84)	(4.54)
Specific project related grant received		-	9.00
Payment of lease liabilities		(173.67)	(173.11)
Dividend paid		(1,987.05)	(1,069.95)
Interest paid		(68.81)	(38.28)
Net cash used in financing activities	**(C)**	**(2,231.37)**	**(1,276.88)**

Persistent Systems Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

	For the year ended	
	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	(298.76)	353.24
Cash and cash equivalents at the beginning of the year	862.72	532.63
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(0.29)	(23.15)
Cash and cash equivalents at the end of the year	**563.67**	**862.72**
Components of cash and cash equivalents		
Cash on hand (refer note 13)	0.09	0.10
Balances with banks		
On current accounts # (refer note 13)	302.74	360.22
On saving accounts (refer note 13)	1.64	1.33
On deposit account with maturity of less than three months (Refer note 13)	-	292.50
On Exchange Earner's Foreign Currency accounts (refer note 13)	259.20	208.57
Cash and cash equivalents	**563.67**	**862.72**

Of the cash and cash equivalent balance as at March 31, 2022, the Company can utilise ₹ 35.75 million (Previous year: ₹ 154.39 million) only towards certain predefined activities specified in the agreement.

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 21:48:07 +05'30'

Shashi Tadwalkar
Partner

Membership No.: 101797

Place: Pune
Date : April 27, 2022

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra (Apr 27, 2022 18:07 GMT+5.5)

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
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Place: Pune Date : April 27, 2022	Place: Pune Date : April 27, 2022	Place: Pune Date : April 27, 2022

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Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune Date : April 27, 2022	Place: Pune Date : April 27, 2022

Persistent Systems Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

A. Equity share capital

(Refer note 4)

(In ₹ Million)

Balance as at April 1, 2021	Changes in equity share capital during the year	Balance as at March 31, 2022
764.25	-	764.25

(In ₹ Million)

Balance as at April 1, 2020	Changes in equity share capital during the year	Balance as at March 31, 2021
764.25	-	764.25

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Persistent Systems Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus					Items of other comprehensive income	Total
	General reserve	Share options outstanding reserve	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2021	14,356.35	471.20	35.75	-	11,888.23	139.46	26,890.99
Profit for the year	-	-	-	-	6,858.66	-	6,858.66
Other comprehensive income for the year	-	-	-	-	(190.82)	(97.66)	(288.48)
Dividend	-	-	-	-	(1,987.05)	-	(1,987.05)
Transfer to general reserve	2,743.46	-	-	-	(2,743.46)	-	-
Adjustments towards employees stock options	276.84	(276.84)	-	-	-	-	-
Employee stock compensation expenses	-	739.52	-	-	-	-	739.52
Employee stock compensation expenses of subsidiaries	-	210.96	-	-	-	-	210.96
Balance as at March 31, 2022	**17,376.65**	**1,144.84**	**35.75**	**-**	**13,825.56**	**41.80**	**32,424.60**

(In ₹ Million)

Particulars	Reserves and surplus					Items of other comprehensive income	Total
	General reserve	Share options outstanding reserve	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2020	12,227.23	290.51	35.75	49.95	9,861.78	(244.09)	22,221.13
Profit for the year	-	-	-	-	5,050.86	-	5,050.86
Other comprehensive income for the year	-	-	-	-	15.93	383.55	399.48
Dividend	-	-	-	-	(1,069.95)	-	(1,069.95)
Transfer to retained earnings	-	-	-	(49.95)	49.95	-	-
Transfer to general reserve	2,020.34	-	-	-	(2,020.34)	-	-
Adjustments towards employees stock options	108.78	(108.78)	-	-	-	-	-
Employee stock compensation expenses	-	236.33	-	-	-	-	236.33
Employee stock compensation expenses of subsidiaries	-	53.14	-	-	-	-	53.14
Balance at March 31, 2021	**14,356.35**	**471.20**	**35.75**	**-**	**11,888.23**	**139.46**	**26,890.99**

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

For Walker Chandiok & Co LLP
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Shashi Tadwalkar
Partner

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For and on behalf of the Board of Directors of
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Sandeep Kalra
Sandeep Kalra (Apr 27, 2022 18:07 GMT+5.5)

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
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Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune Date : April 27, 2022	Place: Pune Date : April 27, 2022

Nature and purpose of reserves

a) General reserve
General reserve represents amounts transferred from profit for the year and from Share options outstanding reserve on exercise / expiry of employee share options. It is a free reserve in terms of section 2 (43) of the Companies Act, 2013.

b) Share options outstanding reserve
Share options outstanding reserve represents the cumulative expense recognized for equity-settled transactions at each reporting date until the employee share options are exercised / expired on which such amount is transferred to General reserve.

c) Capital redemption reserve
Capital redemption reserve represents the nominal value of the shares bought back and is created and utilised in accordance with Section 69 of the Companies Act, 2013.

d) Special Economic Zone re-investment reserve
The Special Economic Zone re-investment reserve is created out of the profit in terms of the provisions of Section 10AA(1)(ii) of the Income tax Act, 1961. The reserve has been utilised by the Company for acquiring new plant and machinery for the purpose of its business in accordance with Section 10AA(2) of the Income tax Act, 1961.

e) Cash flow hedge reserve
When a derivative is designated as cashflow hedging instrument the effective portion of changes in the fair value of derivative is recognised in Other comprehensive income (OCI) and accumulated in cashflow hedge reserve.
Cumulative gains or losses previously recognised in cashflow hedge reserve are recognised in the statement of profit and loss in the period in which such transaction occurs / hedging instruments are settled /cancelled.

Persistent Systems Limited

Notes forming part of financial statements

1 Nature of operations

Persistent Systems Limited (the "Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a global company specializing in software products, services and technology innovation. The Company offers complete product life cycle services.

The Board of Directors approved the financial statements for the year ended March 31, 2022 and authorised for issue on April 27, 2022.

2 Basis of preparation

2.1 Historical cost convention

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments and contingent consideration in business combination, which have been measured at fair value. 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.

2.2 Compliance with Ind AS

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

2.3 New and amended standards adopted by the Company

The Company has applied the following amendment to Ind AS for the first time in it's annual reporting period commencing 1 April 2021:

-Extension of COVID-19 related concessions - amendments to Ind AS 116

-Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods

2.4 New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

2.5 Reclassifications consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24 March 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from 1 April 2021.

Consequent to above, the company has changed the classification/presentation of (i) current maturities of long-term borrowings (ii) security deposits, in the current year.

The current maturities of long-term borrowings (including interest accrued) has now been included in the "Current borrowings" line item. Previously, current maturities of long-term borrowings and interest accrued were included in 'other financial liabilities' line item.

Further, security deposits (which meet the definition of a financial asset as per Ind AS 32) have been included in 'other financial assets' line item. Previously, these deposits were included in 'loans' line item.

The company has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1. The impact of such classifications is summarised below:

Balance Sheet (extract)	March 31, 2021 (Previously Reported)	Increase / (Decrease)	March 31, 2021 (Restated)
Non-current assets			
Loans	52.23	(52.23)	-
Other non-current financial assets	25.76	52.23	77.99
Current assets			
Loans	49.33	(49.33)	-
Other current financial assets	2,063.79	49.33	2,113.12
Current liabilities			
Other financial liabilities	397.42	(1.96)	395.46
Borrowings	-	1.96	1.96

3 Significant accounting policies

3.1 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed appropriately. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

3.2 Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Company has considered all possible impacts of COVID-19 in the preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition owing to changes in cost budgets of fixed price contracts, impact on leases, impact on effectiveness of its hedges and impact on the recoverable amount of goodwill. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements owing to the nature and duration of COVID-19.

3.3 Critical accounting estimates

a) Revenue recognition

The Company's contracts with customers include promises to transfer multiple products and services to a customer. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgment.

Revenue from fixed price maintenance type contracts is recognized rateably on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period. Revenue from fixed-price maintenance type contract is recognised ratably using a percentage-of-completion method when the pattern of benefits from the services rendered to the customer and the Company's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of a method to recognise such revenues requires judgment and is based on the promises in the contract and nature of the deliverables.

The Company uses the percentage-of-completion method in accounting for its other 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 revenue share 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 revenue share on the basis of historical trends of customer revenue.

b) Income taxes

The Company's major tax jurisdiction is India, though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

Management evaluates if the deferred tax assets will be realised in future considering the historical taxable income, scheduled reversals of deferred tax liabilities, projected future taxable income and tax-planning strategies. While the Management believes that the Company will realise the deferred tax assets, the amount of deferred tax asset realisable, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

c) Business combination

Business combinations are accounted for using Ind AS 103, Business Combinations, which requires the the acquirer to recognise the identifiable intangible assets and contingent consideration at fair value. Estimates are required to be made in determining the value of contingent consideration, value of option arrangements and intangible assets. These valuations are conducted by external valuation experts. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by the Management.

d) 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.

e) Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease periods relating to the existing lease contracts.

3.4 Summary of significant accounting policies

a) Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013 (the "Act"). Operating cycle is the time between the acquisition of resources / assets for processing and their realisation in cash and cash equivalents. Based on the nature of products/ services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months.

b) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use and is stated at cost. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use, cost of replacing part of the property, plant and equipment, cost of asset retirement obligations and borrowing costs for long term construction projects if the recognition criteria are met. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its original cost only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period 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.

c) Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. 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.

d) 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
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Plant and equipment (Solar Energy System)*	10 years
Furniture and fixtures*	5 years
Vehicles*	5 years

*For these classes of assets, based on a technical evaluation, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets.

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

Intangible assets are amortized on a straight-line basis over their estimated useful lives ranging from 3 to 6 years from the day the asset is made available for use.

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Depreciation methods, useful lives and residual values are reviewed periodically.

e) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

f) Leases

The Company assesses at the inception of contract whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset
(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
(iii) the Company has the right to direct the use of the asset

Where the Company is a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

The lease payments shall include fixed payments, variable lease payments based on an index or rate, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or statement of profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease expenses associated with these leases are recognized in the statement of profit and loss on a straight line basis.

Company as a lessor

At the inception of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Company recognises lease payments received under operating leases as income over the lease term on a straight line basis.

g) Impairment of Non-financial assets

The Company asesses at each reporting date, if 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.

h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company's business model refers to how it manages it's financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Non-derivative financial instruments

Subsequent measurement

Financial assets

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 asset at amortized cost or at FVTOCI, is classified as financial asset at FVTPL. Financial assets except derivative contracts included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

Financial liabilities

Financial liabilities at amortised cost

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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 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 FVTPL.

Investments in subsidiaries, associates and joint ventures

Investment in subsidiaries, associates and joint ventures are carried at cost.

Derivative financial instruments

The Company uses derivatives for economic hedging purposes. At the inception of hedging relationship, the Company documents the hedging relationship between the hedging instrument and hedged item including whether the changes in cash flows of the hedging instruments are expected to offset the changes in cash flows of the hedged items. The Company documents its objective and strategy for undertaking its hedging transactions.

Derivatives are initially recognised at fair value on the date a derivative contract is entered and are subsequently re-measured at fair value at each reporting date.

For cash flow hedges that qualify for hedge accounting, the effective portion of fair value of derivatives are recognised in cash flow hedging reserve within equity.

Gains or losses relating to the ineffective portion is immediately recognised in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit and loss or hedged future cash flows are no longer expected to occur.

Derivatives which do not qualify for hedge accounting are accounted as fair value through profit or loss.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss, except in case of equity instruments classified as FVOCI, where such cumulative gain or loss is not recycled to statement of profit and loss.

The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurrs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices, dealer quotes.

For equity instruments of unlisted companies, in limited circumstances, insufficient more recent information is available to measure fair value, or if there are a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. The Company recognises such equity instruments at cost, which is considered as appropriate estimate of fair value.

All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. Refer to the table on financial instruments by category below for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of 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.

i) Revenue recognition

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services. The Company's contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Income from software services and products

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

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.

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 revenue share is recognized in accordance with the terms of the relevant agreements.

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 Services Tax on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate.

Dividend

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.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for services or products tranferred to the customer. If the Company provides services or transfers products to the customer before the customer pays consideration or before the payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to provide services or transfer products to a customer for which the Company has received consideration (or an amount of consideration is due) from the total consideration.If the Company receives the consideration from the customer before the Company provides services or transfers products to the customer, a contract liability is recognised for the received consideration that is conditional.

j) Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets while grants related to expenses are deducted in reporting the related expenses in the income statement.

k) Foreign currency translation

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 converted 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 period in which they arise.

Translation of foreign operations

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) Retirement and other employee benefits

Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the eligible salary of the entitled employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

Gratuity

Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by the insurer is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

Leave encashment

The expected cost of accumulating leave encashment is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating leave encashment is recognized in the period in which the absences occur.

Long service awards

Long service awards are other long term benefits to all eligible employees, as per Company's policy. The cost of providing benefit under long service awards scheme is determined on the basis of 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.

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 Income Tax Act, 1961 enacted in India and 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.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the period in which the temporary differences originate.

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

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

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

n) Segment reporting

In accordance with para 4 of Notified Indian Accounting Standard 108 (Ind AS-108) "Operating Segments" the Company has disclosed segment information only in consolidated financial statements which are presented together with the standalone financial statements.

o) 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.

p) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate of the amount required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

r) Cash and cash equivalents

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

s) Share based payments

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest best on the non-market vesting and service conditions. It recognises the impact of the revisions to the original estimates, if any, in profit or loss with a corresponding adjustment to equity.

The expense or credit recognized in the statement of profit and loss for the period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense with a corresponding increase in stock options outstanding reserve in equity. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

The employee stock option expenses in respect of the employees of the subsidiaries are charged to the respective subsidiary.

s) Equity

Ordinary shares are classified as equity share capital. Incremental costs directly attributable to the issuance of new ordinary shares, share options and buyback are recognized as a deduction from equity, net of any tax effects.

t) Dividend

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

u) Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The acquisition cost is measured as the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree at fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in the acquired business, and
- Acquisition-date fair value of any previous equity interest in the acquired business

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase is recognized directly in equity as capital reserve.

v Goodwill/ Gain on bargain purchase

Goodwill represents the cost of business acquisition in excess of the Company's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized in the other comprehensive income as gain on bargain purchase. Subsequent to initial recognition, Goodwill is measured at cost less accumulated impairment losses.

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4. Share Capital

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Authorized shares (No. in million)		
200 (Previous year:200) equity shares of ₹10 each	2,000.00	2,000.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid-up shares (No. in million)		
76.43 (Previous year: 76.43) equity shares of ₹10 each	764.25	764.25
Issued, subscribed and fully paid-up share capital	**764.25**	**764.25**

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and longterm and other strategic investment plans. The funding requirements are met through equity, borrowings and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

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

The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

(In Million)

	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Amount ₹	No of Shares	Amount ₹
Number of shares at the beginning of the year	76.43	764.25	76.43	764.25
Less: Changes during the year	-	-	-	-
Number of shares at the end of the year	**76.43**	**764.25**	**76.43**	**764.25**

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors of Persistent Systems Limited, at its meeting held on January 20, 2022, declared an interim dividend of INR 20 per equity share of face value of INR 10 each for the Financial Year 2021-22.

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. However, no such prefrential amounts exist currently.

c) Aggregate number shares bought back during the period of five years immediately preceding the reporting date

	For the period of five years ended March 31, 2022 No in Million	For the period of five years ended March 31, 2021 No in Million
Equity shares bought back	3.575	3.575

d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder*	As at March 31, 2022		As at March 31, 2021	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande and Mrs. Sonali Anand Deshpande	22.97	30.06	22.96	30.04
Schemes of HDFC Mutual Fund	3.45	4.51	5.37	7.03

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders / members.

e) Details of shares held by promoters

As at March 31, 2022

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Dr. Anand Suresh Deshpande	22,849,840	11,000	22,860,840	29.91%	0.01%
Mrs. Chitra Hemadri Buzruk	469,400	-	469,400	0.61%	-
Dr. Mukund Suresh Deshpande	400,025	-	400,025	0.52%	-
Mrs. Sonali Anand Deshpande	112,000	-	112,000	0.15%	-
Mrs. Sulabha Suresh Deshpande	46,000	(40,000)	6,000	0.01%	(0.05)%
Mr. Arul Anand Deshpande	10,000	-	10,000	0.01%	-
Ms. Gayatri Hemadri Buzruk	10,000	-	10,000	0.01%	-
Mr. Hemadri N Buzruk	7,820	-	7,820	0.01%	-
Mr. Suresh Purushottam Deshpande	5,000	-	5,000	0.01%	-
Mr. Padmakar Govind Khare	880	-	880	0.00%	-

As at March 31, 2021

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Dr. Anand Suresh Deshpande	22,848,840	1,000	22,849,840	29.90%	0.00%
Mrs. Chitra Hemadri Buzruk	469,400	-	469,400	0.61%	-
Dr. Mukund Suresh Deshpande	376,825	23,200	400,025	0.52%	0.03%
Mrs. Sonali Anand Deshpande	112,000	-	112,000	0.15%	-
Mrs. Sulabha Suresh Deshpande	66,000	(20,000)	46,000	0.06%	(0.03)%
Mr. Arul Anand Deshpande	-	10,000	10,000	0.01%	0.01%
Ms. Gayatri Hemadri Buzruk	-	10,000	10,000	0.01%	0.01%
Mr. Hemadri N Buzruk	7,820	-	7,820	0.01%	-
Mr. Suresh Purushottam Deshpande	5,000	-	5,000	0.01%	-
Mr. Padmakar Govind Khare	780	100	880	0.00%	0.00%

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Persistent Systems Limited

Notes forming part of financial statements

5.1 Property, plant and equipment

(In ₹ Million)

	Freehold land	Buildings*	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (at cost)									
As at April 1, 2021	206.92	2,387.73	2,331.29	57.84	1,407.04	20.79	527.32	7.24	6,946.17
Additions	-	1.35	952.88	3.95	72.38	-	61.66	0.03	1,092.25
Additions through business combination (Refer note 39)	-	-	1.70	0.08	0.19	-	-	-	1.97
Disposals	-	-	11.96	3.87	90.21	-	31.14	-	137.18
As at March 31, 2022	**206.92**	**2,389.08**	**3,273.91**	**58.00**	**1,389.40**	**20.79**	**557.84**	**7.27**	**7,903.21**
Accumulated depreciation									
As at April 1, 2021	-	1,157.49	1,732.90	51.75	1,215.65	20.19	492.97	4.98	4,675.93
Charge for the year	-	96.38	435.14	2.93	54.70	0.60	39.25	0.97	629.97
Disposals	-	-	11.65	3.87	90.05	-	30.73	-	136.30
As at March 31, 2022	**-**	**1,253.87**	**2,156.39**	**50.81**	**1,180.30**	**20.79**	**501.49**	**5.95**	**5,169.60**
Net block									
As at March 31, 2022	**206.92**	**1,135.21**	**1,117.52**	**7.19**	**209.10**	**-**	**56.35**	**1.32**	**2,733.61**
As at March 31, 2021	**206.92**	**1,230.24**	**598.39**	**6.09**	**191.39**	**0.60**	**34.35**	**2.26**	**2,270.24**

(In ₹ Million)

	Freehold land	Buildings*	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (at cost)									
As at April 1, 2020	206.92	2,387.06	1,851.34	53.58	1,377.38	21.12	521.31	7.24	6,425.95
Additions	-	0.67	536.13	6.28	55.45	-	33.50	-	632.03
Disposals	-	-	56.18	2.02	25.79	0.33	27.49	-	111.81
As at March 31, 2021	**206.92**	**2,387.73**	**2,331.29**	**57.84**	**1,407.04**	**20.79**	**527.32**	**7.24**	**6,946.17**
Accumulated depreciation									
As at April 1, 2020	-	1,061.11	1,548.74	50.93	1,190.54	19.32	502.49	4.05	4,377.18
Charge for the year	-	96.38	228.33	2.84	50.87	1.12	17.86	0.93	398.33
Disposals	-	-	44.17	2.02	25.76	0.25	27.38	-	99.58
As at March 31, 2021	**-**	**1,157.49**	**1,732.90**	**51.75**	**1,215.65**	**20.19**	**492.97**	**4.98**	**4,675.93**
Net block									
As at March 31, 2021	**206.92**	**1,230.24**	**598.39**	**6.09**	**191.39**	**0.60**	**34.35**	**2.26**	**2,270.24**
As at March 31, 2020	**206.92**	**1,325.95**	**302.60**	**2.65**	**186.84**	**1.80**	**18.82**	**3.19**	**2,048.77**

* Note: Building includes those constructed on leasehold land:

a) Gross block as on March 31, 2022 ₹ 1,455.94 million (Previous year ₹ 1,454.60 million)

b) Depreciation charge for the year ₹ 59.07 million (Previous year ₹ 59.04 million)

c) Accumulated depreciation as on March 31, 2022 ₹ 617.14 million (Previous year ₹ 558.07 million)

d) Net block value as on March 31, 2022 ₹ 838.80 million (Previous year ₹ 896.53 million)

Persistent Systems Limited

Notes forming part of financial statements

5.2 Capital work in progress

(In ₹ Million)

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Capital work in progress	1,071.02	112.33
	1,071.02	**112.33**

Capital work in progress ageing schedule

(In ₹ Million)

	Amount in capital work in progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1,071.02	-	-	-	1,071.02
As at March 31, 2022	**1,071.02**	**-**	**-**	**-**	**1,071.02**

	Amount in capital work in progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	108.47	3.86	-	-	112.33
As at March 31, 2021	**108.47**	**3.86**	**-**	**-**	**112.33**

5.3 Right of use assets

(In ₹ Million)

	Office premises	Leasehold land	Total
Gross block (at cost)			
As at April 1, 2021	443.17	37.50	480.67
Additions	495.78	-	495.78
Disposals	130.68	-	130.68
As at March 31, 2022	**808.27**	**37.50**	**845.77**
Accumulated depreciation			
As at April 1, 2021	164.87	1.18	166.05
Charge for the year	127.21	0.58	127.79
Disposals	119.70	-	119.70
As at March 31, 2022	**172.38**	**1.76**	**174.14**
Net block			
As at March 31, 2022	**635.89**	**35.74**	**671.63**
As at March 31, 2021	**278.30**	**36.32**	**314.62**

(In ₹ Million)

	Office premises	Leasehold land	Total
Gross block (at cost)			
As at April 1, 2020	358.91	37.50	396.41
Additions	176.95	-	176.95
Disposals	92.69	-	92.69
As at March 31, 2021	**443.17**	**37.50**	**480.67**
Accumulated depreciation			
As at April 1, 2020	126.41	0.60	127.01
Charge for the year	111.12	0.58	111.70
Disposals	72.66	-	72.66
As at March 31, 2021	**164.87**	**1.18**	**166.05**
Net block			
As at March 31, 2021	**278.30**	**36.32**	**314.62**
As at March 31, 2020	**232.50**	**36.90**	**269.40**

5.4 Other Intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Provisional Intangible Assets	Total
Gross block				
As at April 1, 2021	925.11	261.74	-	1,186.85
Additions	61.99	-	-	61.99
Additions through business combination (Refer note 39)	-	-	626.90	626.90
As at March 31, 2022	**987.10**	**261.74**	**626.90**	**1,875.74**
Accumulated Amortization				
As at April 1, 2021	753.46	261.74	-	1,015.20
Charge for the year	68.52	-	11.29	79.81
As at March 31, 2022	**821.98**	**261.74**	**11.29**	**1,095.01**
Net block				
As at March 31, 2022	**165.12**	**-**	**615.61**	**780.73**
As at March 31, 2021	**171.65**	**-**	**-**	**171.65**

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2020	743.67	261.74	1,005.41
Additions	181.44	-	181.44
As at March 31, 2021	**925.11**	**261.74**	**1,186.85**
Accumulated Amortization			
As at April 1, 2020	696.70	261.74	958.44
Charge for the year	56.76	-	56.76
As at March 31, 2021	**753.46**	**261.74**	**1,015.20**
Net block			
As at March 31, 2021	**171.65**	**-**	**171.65**
As at March 31, 2020	**46.97**	**-**	**46.97**

5.5 Depreciation and amortization expense

(In ₹ Million)

	For the year ended	
	March 31, 2022	March 31, 2021
On Property, plant and equipment	629.97	398.33
On Right of use assets	127.79	111.70
On Other intangible assets	79.81	56.76
	837.57	**566.79**

Persistent Systems Limited

Notes forming part of financial statements

6. Non-current financial assets : Investments

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Investments carried at cost		
Unquoted investments		
Investments in equity instruments		
- In wholly owned subsidiary companies (Refer note 34)		
Persistent Systems, Inc.		
482 million (Previous year: 402 million) shares of USD 0.10 each, fully paid up	3,048.26	2,478.01
Persistent Systems Pte Ltd.		
0.50 million (Previous year: 0.50 million) shares of SGD 1 each, fully paid up	15.50	15.50
Persistent Systems France SAS		
1.50 million (Previous year: 1.50 million) shares of EUR 1 each, fully paid up	97.47	97.47
Persistent Systems Malaysia Sdn. Bhd.		
5.45 million (Previous year: 5.45 million) shares of MYR 1 each, fully paid up	102.25	102.25
Persistent Systems Germany GmbH		
11.6527 million (Previous year: 11.6527 million) shares of EUR 1 each, fully paid up	1,265.91	1,265.91
CAPIOT Software Private Limited		
0.1867 million (Previous year: 0.1867) shares of Rs. 10 each, fully paid up	483.71	376.61
-In associates		
Klisma e-Services Private Limited [Holding Nil (Previous year: 50%)]#		
Nil (Previous year : 0.005 million) shares of ₹ 10 each, fully paid up	-	0.05
Less : Impairment	-	(0.05)
	-	-
Total investments carried at cost (A)	**5,013.10**	**4,335.75**
Investments carried at amortised cost		
Quoted Investments		
In bonds	2,801.81	2,557.92
[Market value ₹ 2,863.32 million (Previous year ₹2,727.32 million)]		
Add: Interest accrued on bonds	77.48	72.88
Total investments carried at amortised cost (B)	**2,879.29**	**2,630.80**
Designated as fair value through profit and loss		
Unquoted Investments		
- Investments in mutual funds		
Fair value of long term mutual funds (Refer Note 6 (a))	836.42	806.99
	836.42	**806.99**
-Others*		
Altizon Systems Private Limited		
3,766 equity shares (Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up	6.00	6.00
	6.00	**6.00**
Total investments carried at fair value (C)	**842.42**	**812.99**
Total investments (A) + (B) + (C)	**8,734.81**	**7,779.54**
Aggregate provision for diminution in value of investments	-	0.05
Aggregate amount of quoted investments	2,879.29	2,630.80
Aggregate amount of unquoted investments	5,855.52	5,148.79

* Investments, where the Company does not have joint-control or significant influence including situations where such joint-control or significant influence is intended to be temporary, are classified as "investments in others"

Klisma e-Services Private Limited ('Klisma'), an Associate Company of the Company has been dissolved w.e.f. August 10, 2021 vide dissolution order passed by the Hon'ble National Company Law Tribunal, Mumbai Bench.

Persistent Systems Limited

Notes forming part of financial statements

6 (a) Details of fair value of non current investment in mutual funds

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Axis Mutual Fund	471.15	400.50
IDFC Mutual Fund	365.27	370.31
Sundaram Mutual Fund	-	36.18
	836.42	**806.99**

7. Non-current financial assets : Loans

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Carried at amortised cost		
Loan to related parties (Refer note 34)		
Unsecured, considered good		
- Persistent Systems Germany GmbH	420.67	-
Add: Interest accrued but not due on loan	1.01	-
	421.68	**-**
Other loans and advances		
Unsecured, considered good		
Loan to ESOP trust	3,522.00	-
	3,522.00	**-**
Unsecured, credit impaired		
Inter-corporate deposit	0.58	0.58
Less: Impairment	(0.58)	(0.58)
	-	-
	3,943.68	**-**

8. Other non-current financial assets

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Considered good		
Carried at amortised cost		
Deposits with Bank (refer note 14)*	3.19	24.42
Add: Interest accrued but not due on deposits with Bank (refer note 14)	0.17	1.34
Deposits with banks	**3.36**	**25.76**
Deposit with financial institutions	100.00	-
Add: Interest accrued but not due on deposit with financial institutions	0.41	
Deposits with financial institutions	**100.41**	**-**
Security deposits	122.91	52.23
Credit impaired		
Deposit with financial institutions	430.00	430.00
Add: Interest accrued but not due on deposit with financial institutions	0.98	0.98
Less: Credit impaired	(430.98)	(430.98)
Deposits with financial institutions	-	-
	226.68	**77.99**

* Out of the balance, fixed deposits of ₹ 3.03 million (Previous year : ₹ 24.09 million) have been earmarked against credit facilities and bank guarantees availed by the Company.

Persistent Systems Limited

Notes forming part of financial statements

9. Deferred tax assets (net)

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Deferred tax liabilities		
Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets	87.05	41.87
Capital gains (net)	51.11	61.06
Cash flow hedges	14.06	46.90
	152.22	**149.83**
Deferred tax assets		
Provision for leave encashment	125.68	95.76
Provision for long service awards	67.97	64.97
Allowance for expected credit loss	21.19	28.85
Tax credit	56.61	62.37
Right of use asset and lease liability	30.21	26.36
Others	117.28	117.26
	418.94	**395.57**
Deferred tax assets (net)	**266.72**	**245.74**

Movement in deferred tax assets (net) during the year ended March 31, 2022

In ₹ Million

	As at April 1, 2021	Charge/ (Credit) in statement of Profit or loss	Credit/ (Charge) in other comrpehensive income	As at March 31, 2022
Deferred tax liabilities				
Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets	41.87	45.18	-	87.05
Capital gains (net)	61.06	(9.95)	-	51.11
Cash flow hedges	46.90	-	(32.84)	14.06
	149.83	**35.23**	**(32.84)**	**152.22**
Deferred tax assets				
Provision for leave encashment	95.76	(29.92)	-	125.68
Provision for long service awards	64.97	(3.00)	-	67.97
Allowance for expected credit loss	28.85	7.66	-	21.19
Tax credit	62.37	5.76	-	56.61
Right of use asset and lease liability	26.36	(3.85)	-	30.21
Others	117.26	(0.02)	-	117.28
	395.57	**(23.37)**	**-**	**418.94**
	245.74	**11.86**	**(32.84)**	**266.72**

Movement in deferred tax assets (net) during the year ended March 31, 2021

In ₹ Million

	As at April 1, 2020	Charge/ (Credit) in statement of Profit or loss	Credit/ (Charge) in other comrpehensive income	As at March 31, 2021
Deferred tax liabilities				
Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets	24.30	17.57	-	41.87
Capital gains (net)	76.67	(15.61)	-	61.06
Cash flow hedges	-	-	46.90	46.90
	100.97	**1.96**	**46.90**	**149.83**
Deferred tax assets				
Provision for leave encashment	47.15	(48.61)	-	95.76
Provision for long service awards	51.38	(13.59)	-	64.97
Allowance for expected credit loss	33.45	4.60	-	28.85
Tax credit	67.69	5.32	-	62.37
Right of use asset and lease liability	31.86	5.50	-	26.36
Cash flow hedges	82.11	-	82.11	-
Others	104.68	(12.58)	-	117.26
	418.32	**(59.36)**	**82.11**	**395.57**
	317.35	**(57.40)**	**129.01**	**245.74**

Notes forming part of financial statements

10. Other non current assets

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Capital advances (Unsecured, considered good)	136.52	38.75
Prepayments	124.91	84.43
Balances with government authorities (refer note 36)	296.55	296.55
	557.98	**419.73**

11. Current financial assets : Investments

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Designated as fair value through profit and loss		
- Unquoted investments		
Investments in mutual funds		
Fair value of current mutual funds (refer note 'a' below)	4,346.91	6,374.95
Total carrying amount of investments	**4,346.91**	**6,374.95**
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	**4,346.91**	**6,374.95**

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11(a) Details of fair value of current investment in mutual funds

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Aditya Birla Sun Life Mutual Fund	883.65	1,011.03
Axis Mutual Fund	672.70	824.68
Kotak Mutual Fund	521.63	478.21
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	472.88	-
IDFC Mutual Fund	457.54	911.72
DSP Mutual Fund	443.20	37.38
ICICI Prudential Mutual Fund	399.94	710.33
UTI Mutual Fund	337.68	723.19
SBI Mutual Fund	120.01	166.36
Sundaram mutual fund	37.68	-
HDFC Mutual Fund	-	963.10
L&T Mutual Fund	-	511.71
PGIM India Mutual Fund (formerly known as DHFL Pramerica Mutual Fund)	-	37.24
	4,346.91	**6,374.95**

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Persistent Systems Limited

Notes forming part of financial statements

12. Trade receivables

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Unsecured, considered good*	4,426.84	2,966.26
Unsecured, credit impaired	84.21	118.29
	4,511.05	**3,084.55**
Less : Allowance for expected credit loss	(84.21)	(118.29)
	4,426.84	**2,966.26**
	4,426.84	**2,966.26**

*Includes dues from related parties (refer note 34)

Trade receivables Ageing Schedule — **In ₹ Million**

	Curent but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	3,064.74	1,258.20	40.27	51.06	5.97	6.60	4,426.84
Undisputed Trade receivable – credit impaired	-	28.16	5.87	6.60	11.14	32.44	84.21
As At March 31, 2022	**3,064.74**	**1,286.36**	**46.14**	**57.66**	**17.11**	**39.04**	**4,511.05**

	Curent but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	2,356.35	238.68	127.25	196.74	40.27	6.97	2,966.26
Undisputed Trade receivable – credit impaired	-	24.30	11.62	38.83	20.79	22.75	118.29
As At March 31, 2021	**2,356.35**	**262.98**	**138.87**	**235.57**	**61.06**	**29.72**	**3,084.55**

13. Cash and cash equivalents

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Cash and cash equivalents as presented in cash flow statement		
Cash on hand	0.09	0.10
Balances with banks		
On current accounts#	302.74	360.22
On saving accounts	1.64	1.33
On Exchange Earner's Foreign Currency accounts	259.20	208.57
On Deposit accounts with original maturity less than three months	-	292.50
	563.67	**862.72**

Of the cash and cash equivalent balance as at March 31, 2022, the Company can utilise ₹ 35.75 million (Previous year: ₹ 154.39 million) only towards certain predefined activities specified in the agreement.

14. Bank balances other than cash and cash equivalents

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Deposits with banks*	5,858.66	7,108.47
Add: Interest accrued but not due on deposits with banks	179.78	301.29
Deposits with banks (carried at amortised cost)	**6,038.44**	**7,409.76**
Less: Deposit with maturity more than twelve months from the Balance Sheet date disclosed under non-current financial assets (refer note 8)	(3.19)	(24.42)
Less: Interest accrued but not due on non-current deposits with banks (refer note 8)	(0.17)	(1.34)
	6,035.08	**7,384.00**
Balances with banks on unpaid dividend accounts**	2.94	3.00
	6,038.02	**7,387.00**

* Out of the balance, fixed deposits of ₹ 644.36 million (Previous year : ₹ 651.80 million) have been earmarked against credit facilities and bank guarantees availed by the Company.

** The Company can utilize these balances only towards settlement of the respective unpaid dividend.

15. Current financial assets : Loans

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Carried at amortised cost		
Loan to related parties (Refer note 34)		
Unsecured, credit impaired	-	-
- Klisma e-Services Private Limited	-	27.43
	-	27.43
Less: Write off / impairment	-	(27.43)
	-	-
	-	-

Persistent Systems Limited

Notes forming part of financial statements

16. Other current financial assets

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	84.59	294.46
Carried at amortised cost		
Advances to related parties (Unsecured, considered good) (refer note 34)		
Persistent Systems, Inc.	69.15	18.72
Persistent Systems France SAS	5.49	0.38
Persistent Telecom Solutions Inc.	0.13	0.01
Persistent Systems Malaysia Sdn. Bhd.	0.07	-
Persistent Systems Lanka (Private) Limited	0.72	0.02
Aepona Limited	1.16	2.34
PARX Consulting GmbH	0.06	-
Software Corporation LLC.	0.25	-
Youperience Limited	0.04	-
Persistent Systems Mexico, S.A. de C.V	10.01	-
Youperience GmbH	0.04	-
Persistent Systems Pte. Ltd.	0.29	-
Aepona Group Limited	0.08	-
Persistent Systems Germany GmbH	1.48	-
PARX Werk AG	1.88	-
Persistent Systems Israel Ltd.	0.14	-
	90.99	**21.47**
Advances to related parties (Unsecured, credit impaired) (refer note 34)		
Klisma e-Services Private Limited	-	0.81
Less: Impairment of current financial assets	-	(0.81)
	-	-
Other advances (Unsecured, considered good)	-	21.79
Unbilled revenue	3,533.05	1,726.07
Security deposits	0.10	49.33
	3,708.73	**2,113.12**

17. Other current assets

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Advances to suppliers (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	277.27	136.47
Prepayments	498.68	251.85
Excess fund balance with Life Insurance Corporation (Refer Note 30)	42.19	113.08
Other advances (Unsecured, considered good)		
VAT receivable (net)	19.67	23.44
Service tax and GST receivable (net) (refer note 36)	533.45	1,132.09
	553.12	**1,155.53**
	1,371.26	**1,656.93**

18. Non-current financial liabilities : Borrowings

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Unsecured Borrowings carried at amortised cost		
Term loans		
Indian rupee loan from others	5.55	7.39
Interest accrued but not due on term loans	0.08	0.11
	5.63	**7.50**
Less: Current maturity of long-term borrowings	(1.85)	(1.85)
Less: Current maturity of interest accrued but not due on term loan	(0.08)	(0.11)
	(1.93)	**(1.96)**
	3.70	**5.54**

The term loans from Government departments have the following terms and conditions:

Loan amounting to ₹ 5.55 million (Previous year ₹ 7.39 million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from October 2015.

19. Lease liabilities

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Lease liabilities	758.26	378.54
Less: Current portion of lease liabilities	(146.51)	(73.82)
	611.75	**304.72**

Movement of lease liabilities

	For the year ended March 31, 2022 In ₹ Million	For the year ended March 31, 2021 In ₹ Million
Opening balance	378.54	356.64
Additions	495.78	176.95
Deletions	(10.98)	(20.03)
Add: Interest recognised during the year	68.59	38.09
Less: Payments made	(173.67)	(173.11)
Closing balance	**758.26**	**378.54**

20. Non current liabilities : Provisions

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Provision for employee benefits		
- Long service awards	245.54	240.94
	245.54	**240.94**

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21. Trade payables

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Trade payables for goods and services*		
-Dues of micro enterprises and small enterprises	10.30	30.20
-Dues of creditors other than micro enterprises and small enterprises	844.68	908.20
	854.98	**938.40**

*Includes dues payable to related parties (refer note 34)

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the period or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the period or on balance brought forward from previous year.

Trade payables Ageing Schedule

	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	10.30	-	-	-	-	10.30
Total outstanding dues of creditors other than micro enterprises and small enterprises	567.29	193.01	14.51	32.61	37.26	844.68
As At March 31, 2022	**577.59**	**193.01**	**14.51**	**32.61**	**37.26**	**854.98**

	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	30.20	-	-	-	-	30.20
Total outstanding dues of creditors other than micro enterprises and small enterprises	342.17	513.44	17.51	7.51	27.57	908.20
As At March 31, 2021	**372.37**	**513.44**	**17.51**	**7.51**	**27.57**	**938.40**

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22. Other current financial liabilities

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Capital creditors	204.49	237.83
Accrued employee liabilities	119.21	154.58
Unpaid dividend *	2.94	3.00
Other liabilities	8.41	0.05
Payable to selling shareholders	31.83	-
	366.88	**395.46**

* Unpaid dividend is credited to Investor Education and Protection Fund as and when due.

23. Other current liabilities

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Unearned revenue	258.31	260.40
Advance from customers	786.98	1,023.53
Other payables		
- Statutory liabilities	413.55	228.03
- Other liabilities*	50.20	167.05
	1,509.04	**1,679.01**

*Includes balance of ₹ 35.64 million (previous year: ₹ 154.16 million) to be utilised against certain predefined activities specified in the agreement.

24. Current liabilities : Provisions

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
Provision for employee benefits		
- Leave encashment	499.37	380.49
- Long service awards	24.54	17.19
- Other employee benefits	1,745.82	747.91
	2,269.73	**1,145.59**

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25. Revenue from operations (net)

	For the year ended	
	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million
Software services	35,406.71	24,270.63
Software licenses	348.09	525.45
	35,754.80	**24,796.08**

The table below presents disaggregated revenues from contracts with customers by segments, geography and type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	For the year ended	
	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million
Revenue by industry segments		
Banking, Financial Services and Insurance (BFSI)	6,679.72	4,070.00
Healthcare & Life Sciences	4,977.71	3,525.00
Technology Companies and Emerging Verticals	24,097.37	17,201.08
Total	**35,754.80**	**24,796.08**
Geographical disclosure		
India	6,030.59	3,392.01
North America	26,349.69	19,844.83
Rest of the World	3,374.52	1,559.24
Total	**35,754.80**	**24,796.08**
Onsite / offshore / IP Led		
IP Led	1,234.78	1,447.06
Offshore	33,518.96	22,597.95
Onsite	1,001.06	751.07
Total	**35,754.80**	**24,796.08**

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation-related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material and unit of work-based contracts. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

During the year, ₹ 1,726.07 million (Previous year ₹ 1,856.43 million) of opening unbilled revenue (contract asset) has been reclassified to trade receivables upon billing to customers on completion of milestones. In addition to that, Nil (Previous year ₹ 113.49 million) has been reversed in to revenue from operations in current year.

During the year, the Company recognised revenue of ₹ 242.33 million (Previous year ₹ 105.56 million) arising from opening unearned revenue (contract liability).

In respect of the contracts wherein the transaction price is in the form of revenue share, the estimated revenue for the customer is considered based on the historical trends and management judgement with respect to customer business. The estimated revenue from these contracts included in the total revenue for the year is ₹ 211.87 million (Previous year ₹ 209.30 million).

26. Other income

	For the year ended	
	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million
Interest income		
On deposits carried at amortised cost	311.08	381.66
On Others	282.50	167.16
Dividend income from investments*	53.16	131.45
Other non-operating income		
Foreign exchange gain (net)	208.93	67.12
Profit on sale of Property, plant and equipment (net)	12.31	8.10
Net profit on sale/ fair valuation of financial assets designated as FVTPL	338.78	344.43
Excess provision in respect of earlier years written back	15.53	-
Miscellaneous income	102.28	76.24
	1,324.57	**1,176.16**

*includes dividend received from investment in wholly owned subsidiaries. (Refer note 34)

27. Personnel expenses

	For the year ended	
	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million
27.1 Employee benefits expense		
Salaries, wages and bonus	19,766.82	12,806.57
Contribution to provident and other funds (refer note 30)	1,016.64	666.24
Staff welfare and benefits	359.74	384.07
Share based payments to employees (refer note 35)	739.52	236.33
	21,882.72	**14,093.21**
27.2 Cost of professionals		
- Related parties (refer note 34)	649.60	1,323.73
- Others	812.31	451.34
	1,461.91	**1,775.07**
	23,344.63	**15,868.28**

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Persistent Systems Limited

Notes forming part of financial statements

28. Other expenses*

	For the year ended	
	March 31, 2022	**March 31, 2021**
	In ₹ Million	**In ₹ Million**
Travelling and conveyance	151.53	39.58
Electricity expenses (net)	63.74	69.09
Internet link expenses	46.09	50.14
Communication expenses	60.91	73.17
Recruitment expenses	348.05	75.40
Training and seminars	99.17	23.97
Purchase of software licenses and support expenses	1,066.00	908.00
Bad debts	12.12	46.96
Reversal of allowance for expected credit loss (net)	(29.97)	(20.20)
Rent (refer note 33)	73.22	77.50
Insurance	36.29	31.37
Rates and taxes	51.14	52.57
Legal and professional fees	238.09	196.13
Repairs and maintenance		
- Plant and Machinery	120.72	94.92
- Buildings	19.85	19.26
- Others	20.43	15.20
Selling and marketing expenses (refer note 34(ii))	1,028.63	739.82
Advertisement, conference and sponsorship fees	4.23	3.54
Computer consumables	5.39	3.14
Auditors' remuneration (refer note 41)	8.92	9.00
Corporate social responsibility expenditure (refer note 38)	115.53	163.93
Books, memberships, subscriptions	15.76	12.69
Directors' sitting fees	7.43	4.84
Directors' commission	20.83	10.22
Loss on receivables and investment in associate	28.29	-
Reversal of provision for receivables and investment in associate	(28.29)	-
Miscellaneous expenses	123.68	118.52
	3,707.78	**2,818.76**

* Includes expenses incurred with related parties (refer note 34)

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29. Earnings per share

		For the year ended	
		March 31, 2022	**March 31, 2021**
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ₹ Million)	(A)	6,858.66	5,050.86
Denominator for Basic EPS			
Weighted average number of equity shares	(B)	76,425,000	76,425,000
Denominator for Diluted EPS			
Number of equity shares	(C)	76,425,000	76,425,000
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	**89.74**	**66.09**
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	**89.74**	**66.09**

	For the year ended	
	March 31, 2022	**March 31, 2021**
Number of shares considered as basic weighted average shares outstanding	76,425,000	76,425,000
Add: Effect of dilutive issues of stock options	-	-
Number of shares considered as weighted average shares and potential shares outstanding	**76,425,000**	**76,425,000**

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30. Gratuity plan:

The Company has a defined benefit gratuity plan. Each employee is eligible for gratuity on completion of minimum five years of service at 15 days basic salary (last drawn basic salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense (recognized in statement of profit and loss)

(In ₹ Million)

	For the year ended	
	March 31, 2022	**March 31, 2021**
Current service cost	152.60	167.38
Interest cost on benefit obligation	61.61	56.48
Expected return on plan assets	(74.30)	(70.85)
Others	-	(0.02)
Net benefit expense	**139.91**	**152.99**
Net actuarial loss/ (gain) recognized in the year	240.70	(32.79)
Due to Demographic assumptions	166.40	-
Due to Financial assumptions	(45.27)	8.98
Due to Experience assumptions	119.57	(41.77)

Balance sheet

Changes in the fair value of plan assets (recognized in the Balance Sheet) are as follows:

(In ₹ Million)

	For the year ended	
	March 31, 2022	**March 31, 2021**
Opening fair value of plan assets	1,050.79	985.61
Expected return on plan assets	74.30	70.85
Adjustment to expected return	(14.29)	(10.85)
Contribution by employer	324.01	116.03
Benefits paid	(208.81)	(110.85)
Closing fair value of plan assets	**1,226.00**	**1,050.79**

Changes in the present value of the defined benefit obligation (recognized in Balance Sheet) are as follows:

(In ₹ Million)

	For the year ended	
	March 31, 2022	**March 31, 2021**
Opening defined benefit obligation	937.71	857.07
Interest cost	61.61	56.48
Current service cost	152.60	167.38
Benefits paid	(208.81)	(110.85)
Actuarial (gain) / losses on obligation	240.70	(32.37)
Closing defined benefit obligation	**1,183.81**	**937.71**

Benefit asset/ (liability)

(In ₹ Million)

	As at	
	March 31, 2022	**March 31, 2021**
Fair value of plan assets	1,226.00	1,050.79
(Less) : Defined benefit obligations	(1,183.81)	(937.71)
Plan asset / (liability)	**42.19**	**113.08**

The major categories of plan assets as a percentage of the fair value of total plan assets:

	As at	
	March 31, 2022	**March 31, 2021**
Investments with insurer including accrued interest	100%	100%

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	As at	
	March 31, 2022	March 31, 2021
Discount rate	7.07%	6.70%
Mortality	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Attrition rate	PS: 0 to 1 : 17% PS: 1 to 3 : 15% PS: 3 to 4 : 10% PS: 4 to 5 : 5% PS: 5 to 7 : 6% PS: 7 to 10 : 4% PS:10 to 50 : 2%	PS: 0 to 1 : 17% PS: 1 to 3 : 14% PS: 3 to 4 : 10% PS: 4 to 7 : 5% PS: 7 to 10 : 3% PS:10 to 47 :1%
Increment rate	6.00%	5.50%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and increase in compensation levels. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Every percentage point increase / decrease in discount rate will change the gratuity benefit obligation to approximately ₹ 1,076.57 million / ₹ 1,309.28 million (previous year: ₹ 820.0 million / ₹ 1,080.10 million) respectively.

Every percentage point increase / decrease in rate of increase in compensation levels will change the gratuity benefit obligation to approximately ₹ 1,240.68 million / ₹ 1,103.98 million (previous year: ₹ 996.40 million / ₹ 887.40 million) respectively.

Amounts for the current and previous year are as follows:

(In ₹ Million)

	As at	
	March 31, 2022	March 31, 2021
Plan assets	1,226.00	1,050.79
Defined benefit obligation	(1,183.81)	(937.71)
Surplus	42.19	113.08
Experience adjustments on plan liabilities - loss/ (gain)	240.70	(32.37)

Maturity Profile of defined benefit obligations:

(In ₹ Million)

	As at	
	March 31, 2022	March 31, 2021
Within 1 year	75.81	36.45
1-2 years	77.63	32.91
2-3 years	82.24	33.66
3-4 years	84.11	36.11
4-5 years	85.27	36.29
5-10 years	473.56	222.48

Superannuation Fund
The Company contributed ₹ 57.63 million and ₹ 43.55 million to superannuation fund during the years ended March 31, 2022 and March 31, 2021 respectively and the same is recognised in the Statement of profit and loss under the head employee benefit expenses.

Defined contribution plan - Provident Fund
The Company has certain defined contribution plans. Contributions are made to provident fund for employees @ 12% of Basic salary as per regulation. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan (provident fund) is ₹ 827.57 million (Previous year - ₹ 484.36 million).

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31. Income taxes

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	For the year ended	
	March 31, 2022	March 31, 2021
	In ₹ million	In ₹ million
Profit before tax	9,120.61	6,680.20
Enacted tax rate in India	25.17%	25.17%
Computed tax expense at enacted tax rate	2,295.48	1,681.27
Effect of exempt income	(59.18)	(90.04)
Effect of non-deductible expenses	32.97	30.01
Effect of concessions (R&D allowance)	5.76	5.32
Tax charge in respect of earlier years	13.48	2.74
Effect of different tax rates for different heads of income	(5.69)	(2.06)
Others	(20.87)	2.10
Income tax expense	**2,261.95**	**1,629.34**

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Persistent Systems Limited

Notes forming part of financial statements

32. Financial assets and liabilities

The carrying values of financial instruments by categories are as follows:

Financial assets/ Financial liabilities	March 31, 2022				March 31, 2021				Fair value hierarchy*
	FVTPL	FVTOCI	Amortised Cost	Cost	FVTPL	FVTOCI	Amortised Cost	Cost	
Financial Assets:									
Investments in subsidiaries and associates	-	-	-	5,013.10	-	-	-	4,335.75	
Investments in equity instruments	6.00	-	-	-	6.00	-	-	-	Level 3
Investments in bonds	-	-	2,879.29	-	-	-	2,630.80	-	
Investments in mutual funds	5,183.33	-	-	-	7,181.94	-	-	-	Level 1
Loans	-	-	3,943.68	-	-	-	-	-	
Deposit with banks and financial institutions (including interest accrued but not due on deposits with banks)	-	-	6,138.85	-	-	-	7,409.76	-	
Cash and cash equivalents (including unpaid dividend)	-	-	566.61	-	-	-	865.72	-	
Trade receivables (net)	-	-	4,426.84	-	-	-	2,966.26	-	
Forward contracts receivable	-	84.59	-	-	-	294.46	-	-	Level 2
Unbilled revenue	-	-	3,533.05	-	-	-	1,726.07	-	
Other non current financial assets	-	-	122.91	-	-	-	52.23	-	
Other current financial assets	-	-	91.09	-	-	-	92.59	-	
Total Financial Assets	**5,189.33**	**84.59**	**21,702.32**	**5,013.10**	**7,187.94**	**294.46**	**15,743.43**	**4,335.75**	
Financial Liabilities:									
Borrowings (including accrued interest)	-	-	5.63	-	-	-	7.50	-	
Trade payables	-	-	854.98	-	-	-	938.40	-	
Lease liabilities	-	-	758.26	-	-	-	378.54	-	
Other financial liabilities (excluding borrowings)	-	-	366.88	-	-	-	395.46	-	
Total Financial Liabilities	**-**	**-**	**1,985.75**	**-**	**-**	**-**	**1,719.90**	**-**	

***Fair value hierarchy:**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. In respect of equity instruments of unlisted companies, in limited circumstances, insufficient more recent information is available to measure fair value, or if there are a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. The Company recognises such equity instruments at cost, which is considered as appropriate estimate of fair value.

Financial risk management

Financial risk factors and risk management objectives

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors which provide written principles on foreign exchange hedging. The Company's exposure to credit risk is mainly for receivables that are overdue for more than 90 days. The Credit Task Force is responsible for credit risk management. Investment of excess liquidity is governed by the Investment policy of the Company. The Company's Risk Management Committee monitors risks and policies implemented to mitigate risk exposures.

Market risk

The Company operates globally with its operations spread across various geographies and consequently the Company is exposed to foreign exchange risk. Around 70% to 90% of the Company's foreign currency exposure is in USD. The Company holds plain vanilla forward contracts against expected receivables in USD to mitigate the risk of changes in exchange rates.

The following table analyses unhedged foreign currency risk from financial instruments as of March 31, 2022.

(In ₹ million)

	USD	EUR	GBP	Other currencies	Total
Trade receivables	842.03	64.78	275.42	515.12	1,697.35
Cash and cash equivalents and bank balances	316.09	17.83	35.82	35.93	405.67
Investments	3,653.08	1,106.31	-	126.25	4,885.64
Other financial assets (including loans and interest accrued)	93.22	429.06	3.98	7.10	533.36
Trade and other payables	37.52	11.20	20.78	17.65	87.15
Other liabilities	781.99	-	-	-	781.99

The following table analyses unhedged foreign currency risk from financial instruments as of March 31, 2021.

(In ₹ million)

	USD	EUR	GBP	Other currencies	Total
Trade receivables	131.51	112.91	268.36	87.52	600.30
Cash and cash equivalents and bank balances	314.92	6.02	13.05	15.32	349.31
Investments	2,939.02	1,460.83	-	123.39	4,523.24
Other financial assets (including loans and interest accrued)	0.29	0.26	7.58	9.38	17.51
Trade and other payables	234.12	14.01	44.12	2.37	294.62
Other liabilities	324.19	0.57	0.58	2.82	328.16

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Foreign currency sensitivity analysis

For the year ended March 31, 2022 and March 31, 2021 every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies on foreign currency exposure would affect the Company's profit before tax margin (PBT) by approximately 0.16 % and 0.20% respectively.

Derivative financial instruments

The Company holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Company has designated foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions.

The following table gives details in respect of outstanding foreign currency forward contracts:

	As at March 31, 2022			As at March 31, 2021		
	Foreign currency (million)	Average rate ₹	₹ (million)	Foreign currency (million)	Average rate ₹	₹ (million)
Derivatives designated as cash flow hedges						
Forward contracts						
USD	175.00	77.74	13,605.02	135.00	77.11	10,410.34

The foreign exchange forward contracts mature within a maximum period of twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

	As at March 31, 2022			As at March 31, 2021		
	Foreign currency (million)	Average rate ₹	₹ (million)	Foreign currency (million)	Average rate ₹	₹ (million)
Not later than 3 months	41.00	77.00	3,156.91	31.00	78.48	2,432.98
Later than 3 months and not later than 6 months	45.00	77.17	3,472.71	34.50	77.08	2,659.11
Later than 6 months and not later than 9 months	45.00	78.23	3,520.48	34.50	76.63	2,643.64
Later than 9 months and not later than 12 months	44.00	78.52	3,454.92	35.00	76.42	2,674.61
Total	**175.00**		**13,605.02**	**135.00**		**10,410.34**

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Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 4,511.05 million and ₹3,084.55 million as at March 31, 2022 and March 31, 2021, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed by the Company by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables. The policy takes into account available external and internal credit risk factors and the Company's historical experience for customers.

Credit risk is perceived mainly in case of receivables overdue for more than 90 days. The following table gives details of risk concentration in respect of percentage of receivables overdue for more than 90 days:

	As at	
	March 31, 2022	March 31, 2021
Receivables overdue for more than 90 days (₹ million)*	251.82	215.02
Total receivables (gross) (₹ million)	4,511.05	3,084.55
Overdue for more than 90 days as a % of total receivables	5.6%	7.0%

* Out of this amount, ₹ 84.21 million (March 31, 2021: ₹ 118.29 million) have been provided for.

Ageing of trade receivables

(In ₹ million)

	As at	
	March 31, 2022	March 31, 2021
Within the credit period	3,064.74	2,356.35
1 to 30 days past due	806.90	210.40
31 to 60 days past due	236.10	219.92
61 to 90 days past due	151.49	82.86
91 to 120 days past due	52.16	36.02
121 and above past due	199.66	179.00
Less: Expected credit loss	(84.21)	(118.29)
Net trade receivables	**4,426.84**	**2,966.26**

Movement in expected credit loss allowance

(In ₹ million)

	As at	
	March 31, 2022	March 31, 2021
Opening balance	118.29	132.91
Movement in expected credit loss allowance	(29.97)	(20.20)
Translation differences	(4.11)	5.58
Closing balance	**84.21**	**118.29**

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings. Investments primarily include investment in debts mutual funds, quoted bonds.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The investment of surplus funds is governed by the Company's investment policy approved by the Board of Directors. The Company believes that the working capital is sufficient to meet its current fund requirements. Accordingly, no liquidity risk is perceived.
As at March 31, 2022, the Company had a working capital of ₹ 15,085.17 million including cash and cash equivalents and current fixed deposits of ₹ 6,419.14 million and current investments of ₹ 4,346.91 million.
As at March 31, 2021, the Company had a working capital of ₹ 16,814.60 million including cash and cash equivalents and current fixed deposits of ₹ 7,946.77million and current investments of ₹ 6,374.95 million.

The table below provides details regarding the contractual maturities of significant financial liabilities:

(In ₹ million)

	As at			
	March 31, 2022		March 31, 2021	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Borrowings (including accrued interest)	1.93	3.70	1.96	5.54
Trade payables and deferred payment liabilities	854.98	-	938.40	-
Lease liabilities	146.51	611.75	73.82	304.72
Other financial liabilities (excluding borrowings)	366.88	-	395.46	-

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32. (b) Derivative instruments and un-hedged foreign currency exposures

(i) Forward contracts outstanding at the end of the year:

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Forward contracts to sell USD: Hedging of expected receivables of USD 175 Million (Previous year USD 135 Million)	13,605.02	10,410.34

(ii) Details of un-hedged foreign currency exposures at the end of the year:

	As at March 31, 2022			As at March 31, 2021		
	In ₹ million	Foreign currency (In million)	Conversion rate (₹)	In ₹ million	Foreign currency (In million)	Conversion rate (₹)
Bank balances	1.64	JPY 2.63	0.62	1.33	JPY 2.01	0.66
	316.09	USD 4.17	75.79	314.92	USD 4.31	73.11
	35.82	GBP 0.36	99.43	13.05	GBP 0.13	100.69
	1.04	CAD 0.02	60.52	8.81	CAD 0.15	58.02
	17.83	EUR 0.21	84.13	6.02	EUR 0.07	85.78
	20.89	AUD 0.37	56.72	2.41	AUD 0.04	55.67
	12.36	ZAR 2.37	5.22	2.77	ZAR 0.56	4.94
Investments	3,653.08	USD 48.20	75.79	2,939.02	USD 40.20	73.11
	27.99	SGD 0.50	55.98	27.20	SGD 0.50	54.40
	1,106.31	EUR 13.15	84.13	1,128.01	EUR 13.15	85.78
	98.26	MYR 5.45	18.03	96.19	MYR 5.45	17.65
Trade and other payables	0.31	SGD 0.01	55.98	0.10	SGD 0.002	54.40
	37.52	USD 0.5	75.79	234.12	USD 3.2	73.11
	20.78	GBP 0.21	99.43	44.12	GBP 0.44	100.69
	6.82	CAD 0.11	60.52	0.81	CAD 0.01	58.02
	11.20	EUR 0.13	84.13	14.01	EUR 0.16	85.78
	1.23	AUD 0.02	56.72	0.03	AUD 0.001	55.67
	-	-	-	0.85	CHF 0.01	77.46
	0.29	ZAR 0.06	5.22	0.15	ZAR 0.03	4.94
	1.82	JPY 2.92	0.62	0.43	JPY 0.65	0.66
	7.18	MYR 0.4	18.03	-	-	-
Advances given and deposits placed	93.22	USD 1.23	75.79	0.29	USD 0.004	73.11
	3.98	GBP 0.04	99.43	7.58	GBP 0.08	100.69
	8.41	EUR 0.1	84.13	0.26	EUR 0.01	85.78
	-	-	-	0.01	MXN 0.002	3.56
	0.07	MYR 0.004	18.03	0.16	MYR 0.01	17.65
	3.03	CAD 0.05	60.52	1.46	CAD 0.03	58.02
	0.08	JPY 0.13	0.62	0.04	JPY 0.07	0.66
	0.14	ILS 0.006	23.90	0.71	ILS 0.03	21.89
	1.64	CHF 0.02	81.93	-	-	-
	1.13	AUD 0.02	56.72	3.97	AUD 0.07	55.67
	0.72	LKR 2.75	0.26	3.04	LKR 8.3	0.37
	0.28	SGD 0.005	55.98	-	-	-
Advances received	-	-	-	2.82	SGD 0.05	54.40
	781.99	USD 10.32	75.79	324.19	USD 4.43	73.11
	-	-	-	0.58	GBP 0.01	100.69
	-	-	-	0.57	EUR 0.01	85.78
Trade receivables	842.03	USD 11.11	75.79	131.51	USD 1.79	73.11
	64.78	EUR 0.77	84.13	112.91	EUR 1.32	85.78
	275.42	GBP 2.77	99.43	268.36	GBP 2.67	100.69
	69.20	AUD 1.22	56.72	53.35	AUD 0.96	55.67
	6.16	SGD 0.11	55.98	2.71	SGD 0.05	54.40
	19.11	ZAR 3.66	5.22	29.74	ZAR 6.02	4.94
	-	-	-	0.21	CAD 0.004	58.02
	-	-	-	1.51	CHF 0.02	77.46
Loans Given	420.65	EUR 5.00	84.13	-	-	-

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33. Leases

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

	As at March 31, 2022 In ₹ Million	As at March 31, 2021 In ₹ Million
- Less than one year	212.09	108.09
- One to five years	712.84	358.48
- More than five years	-	17.37

The company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 73.22 million for the year ended March 31,2022 (Previous year ₹77.50 million).

The company has adopted Ind AS 116, Leases; and has recognized notional interest on lease liability of ₹ 68.59 million under finance costs for year ended March 31, 2022 (Previous year ₹ 38.09 Million).

The aggregate depreciation on ROU assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss. (Refer note 5.6)

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34. Related party disclosures

(i) Names of related parties and related party relationship

Related parties where control exists	
Subsidiaries (Refer note 3 of consolidated financial statement for list of subsidiaries and ownership %)	i. Persistent Systems, Inc., USA (Wholly owned subsidiary) ii. Persistent Systems Pte Ltd., Singapore (Wholly owned subsidiary) iii. Persistent Systems France SAS, France (Wholly owned subsidiary) iv. Persistent Systems Malaysia Sdn. Bhd., Malaysia (Wholly owned subsidiary) v. Persistent Systems Germany GmbH., Germany (Wholly owned subsidiary) vi. CAPIOT Software Private Limited, India (Wholly owned subsidiary) vii. Persistent Telecom Solutions Inc., USA (Wholly owned subsidiary of Persistent Systems, Inc.) viii. CAPIOT Software Inc., USA (Wholly owned subsidiary of Persistent Systems, Inc.) ix. CAPIOT Software Pty Limited., Australia (Wholly owned subsidiary of CAPIOT Software Inc.) x. CAPIOT Software Pte Limited, Singapore (Wholly owned subsidiary of CAPIOT Software Inc.) xi. Persistent Systems S.R.L, Italy (Wholly owned subsidiary of Persistent Systems, Inc.) xii. Aepona Group Limited, Ireland (Wholly owned subsidiary of Persistent Systems, Inc.) xiii. Aepona Limited, UK (Wholly owned subsidiary of Aepona Group Limited) xiv. Valista Limited (Wholly owned subsidiary of Aepona Group Limited) (Dissolved with effect from June 24, 2020) xv. Persistent Systems Lanka (Private) Limited (Formerly known as Aepona Software (Private) Limited), Sri Lanka (Wholly owned subsidiary of Aepona Group Limited) xvi. Persistent Systems Mexico, S.A. de C.V., Mexico (Wholly owned subsidiary of Persistent Systems Inc.) xvii. Persistent Systems Israel Ltd., Israel (Wholly owned subsidiary of Persistent Systems Inc.) xviii. PARX Werk AG, Switzerland (Wholly owned subsidiary of Persistent Systems Germany GmbH) xix. PARX Consulting GmbH, Germany (Wholly owned subsidiary of PARX Werk AG) xx. Youperience GmbH, Germany (Wholly owned subsidiary of Persistent Systems Germany GmbH) xxi. Youperience Limited, UK (Wholly owned subsidiary of Youperience GmbH) xxii. Software Corporation International LLC., USA (Wholly owned subsidiary of Persistent Systems Inc.) xxiii. Fusion 360 LLC., USA (Wholly owned subsidiary of Persistent Systems Inc.) xxiv. Data Glove IT Solutions Limitada, Costa Rica (Wholly owned subsidiary of Persistent Systems Germany GmbH)

34. Related party disclosures

Related parties with whom transactions have taken place	
Associate	i. Klisma e-Services Private Limited (Dissolved with effect from August 10, 2021)
Key management personnel	i. Dr. Anand Deshpande, Chairman and Managing Director ii. Mr. Christopher O' Connor (Resigned wef 9 August 2020) @ iii. Mr Sandeep Kalra, Executive Director and Chief Executive Officer * iv. Mr. Sunil Sapre, Executive Director and Chief Financial Officer v. Mr. Amit Atre, Company Secretary vi. Ms. Roshini Bakshi, Independent Director vii. Mr. Pradeep Bhargava, Independent Director viii. Dr. Anant Jhingran, Independent Director ix. Mr. Thomas Kendra, Non executive non independent director x. Mr. Prakash Telang, Independent Director (Retired wef July 24, 2020) xi. Mr. Kiran Umrootkar, Independent Director (Retired wef July 24, 2020) xii. Mr. Guy Eiferman, Independent Director xiii. Dr. Deepak Phatak, Independent Director xiv. Ms. Avani Davda, Independent Director (Appointed wef December 21, 2021)
Relatives of Key management personnel	i. Mr. Suresh Deshpande (Father of the Chairman and Managing Director) ii. Mrs. Sulabha Deshpande (Mother of the Chairman and Managing Director) iii. Mrs. Sonali Anand Deshpande (Wife of the Chairman and Managing Director) iv. Dr. Mukund Deshpande $ (Brother of the Chairman and Managing Director) v. Mrs. Chitra Buzruk $ (Sister of the Chairman and Managing Director) vi. Mr. Arul Deshpande** (Son of the Chairman and Managing Director)
Members of Promoter Group	i. Rama Purushottam Foundation
Entities over which a key management personnel has significant influence	i. Persistent Foundation

Persistent Systems Limited

Notes forming part of financial statements

(ii) Related party transactions

(In ₹ Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2022	**March 31, 2021**
Sale of software services	**Subsidiaries**		
	Persistent Systems, Inc.	12,314.10	8,456.81
	Persistent Systems Malaysia Sdn. Bhd.	87.33	97.44
	Persistent Systems Pte Ltd	-	-
	Persistent Systems France SAS	68.19	43.97
	Persistent Telecom Solutions Inc.	193.44	166.69
	Persistent Systems Germany GmbH	47.81	42.26
	Aepona Limited	7.72	12.52
	PARX Werk AG	3.26	2.88
	PARX Consulting GmbH	0.83	-
	Youperience Limited	0.71	48.67
	CAPIOT Software Private Limited	14.91	73.10
	CAPIOT Software Pty Limited	6.80	-
	Software Corporation International LLC.	13.59	-
	Total	**12,758.69**	**8,944.34**
Recovery of cost of assets	**Subsidiaries**		
	Persistent Systems, Inc.	-	18.93
	Total	**-**	**18.93**
Investment in wholly owned subsidiary	**Subsidiaries**		
	Persistent Systems, Inc.	570.25	-
	CAPIOT Software Private Limited	107.10	376.61
	Total	**677.35**	**376.61**
Payment of liability on behalf of	**Subsidiaries**		
	Persistent Systems, Inc.	-	42.42
	Total	**-**	**42.42**
Interest income	**Subsidiaries**		
	CAPIOT Software Private Limited	-	1.45
	Persistent Systems Germany GmbH	1.01	-
	Total	**1.01**	**1.45**
Dividend Income	**Subsidiaries**		
	Persistent Systems Pte Ltd	-	70.33
	Persistent Systems Malaysia Sdn. Bhd.	53.16	61.12
	Total	**53.16**	**131.45**
Cost of professionals	**Subsidiaries**		
	Persistent Systems, Inc.	318.81	1,011.10
	Persistent Systems France SAS	26.58	36.72
	Persistent Systems Malaysia Sdn. Bhd.	146.97	98.36
	Persistent Telecom Solutions Inc.	62.68	41.19
	Aepona Limited	20.08	26.00
	Persistent Systems Lanka (Private) Limited	52.23	54.50
	Persistent Systems Mexico, S.A. de C.V.	0.16	34.03
	Persistent Systems Germany GmbH	10.24	-
	PARX Consulting GmbH	0.47	-
	Parx Werk AG	0.22	3.62
	Persistent Systems Pte Ltd	7.36	4.40
	Youperience GmbH	-	0.56
	Youperience Limited	3.81	9.15
	CAPIOT Software Private Limited	-	4.10
	Total	**649.61**	**1,323.73**
Purchase of Software	**Subsidiary**		
	Persistent Systems, Inc.	23.30	52.21
	Persistent Telecom Solutions Inc.	-	4.10
	Total	**23.30**	**56.31**
Selling and marketing expenses	**Subsidiaries**		
	Persistent Systems, Inc.	1,023.73	737.83
	Persistent Systems Pte Ltd	4.90	1.99
	Total	**1,028.63**	**739.82**
Commission received on corporate guarantee	**Subsidiary**		
	Persistent Systems, Inc.	3.09	2.61
	Total	**3.09**	**2.61**

(ii) Related party transactions

(In ₹ Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2022	March 31, 2021
Remuneration #	**Key Management Personnel**		
(Salaries, bonus and contribution to PF)	Dr. Anand Deshpande	31.94	26.26
	Mr. Christopher O'Connor@	-	0.71
	Mr. Sunil Sapre (including value of perquisites for stock options exercised ₹ 73.25 million during the year 2021-22 (Previous year: ₹ 31.72 million)	90.21	46.42
	Mr. Amit Atre (including value of perquisites for stock options exercised ₹ 3.19 million during the year 2021-22 (Previous year: Nil)	7.17	3.40
	Mr Sandeep Kalra*	2.90	1.21
	Independent directors:		
	Ms. Roshini Bakshi	4.08	2.09
	Mr. Pradeep Bhargava	4.33	2.26
	Dr. Anant Jhingran	3.53	1.83
	Mr. Thomas Kendra	3.63	1.69
	Mr. Prakash Telang	-	0.74
	Mr. Kiran Umrootkar	-	0.74
	Mr. Praveen Kadle	4.19	2.08
	Mr. Guy Eiferman	3.81	1.79
	Dr. Deepak Phatak	3.88	1.81
	Ms. Avani Davda***	0.79	-
	Relatives of Key Management Personnel		
	Dr. Mukund Deshpande (including value of perquisites for stock options exercised nil during the year (₹ ₹ 2.87 million during the year 2020-21) $	-	2.87
	Mr. Arul Deshpande **	0.26	0.03
	Total	**160.72**	**95.93**
Dividend paid	**Key Management Personnel**		
	Dr. Anand Deshpande	457.22	319.90
	Mr. Sunil Sapre	1.04	0.06
	Mr Sandeep Kalra	1.77	0.56
	Mr. Amit Atre	0.03	-
	Independent directors:		
	Mr. Pradeep Bhargava	0.24	0.18
	Ms. Roshini Bakshi	-	0.07
	Relatives of Key Management Personnel		
	Mr. Suresh Deshpande	0.10	0.07
	Mrs. Chitra Buzruk $	9.39	6.57
	Dr. Mukund Deshpande $	8.00	5.60
	Mrs. Sonali Anand Deshpande	2.24	1.57
	Mrs. Sulabha Suresh Deshpande	0.12	0.64
	Mr. Arul Deshpande **	0.20	0.14
	Total	**480.35**	**335.36**
Employee stock compensation -	**Subsidiaries**		
	Persistent Systems Inc.	210.96	53.14
	Total	**210.96**	**53.14**
Donation given	**Entity over which a key management personnel has significant influence**		
	Persistent Foundation	115.36	140.00
		115.36	**140.00**

Notes

* Mr. Sandeep Kalra, Executive Director and Unit President was appointed as the Chief Executive Officer ('CEO') of the Company with effect from October 23, 2020. Amount of remuneration represents remuneration paid through Persistent Systems Limited only.

@ Amount of remuneration for Mr. Christopher O' Connor represents remuneration paid through Persistent Systems Limited only. He has resigned wef August 9, 2020.

$ Dr. Mukund Deshpande and Mrs. Chitra Buzruk and have resigned w.e.f. Apr 28, 2020 and May 29, 2020 respectively.

** Mr. Arul Deshpande has joined with effect from March 8, 2021. Amount of remuneration represents remuneration paid through Persistent Systems Limited only.

***Ms. Avani Davda has joined with effect from December 21, 2021

The remuneration to the key managerial personnel does not include the provisions made for gratuity, long service awards and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

Persistent Systems Limited

Notes forming part of financial statements

(iii) Outstanding balances

(In ₹ Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2022	March 31, 2021
Advances given	**Subsidiaries**		
	Persistent Systems, Inc.	69.15	18.72
	Persistent Systems France SAS	5.49	0.38
	Persistent Telecom Solutions Inc.	0.13	0.01
	Persistent Systems Israel Ltd.	0.14	-
	Persistent Systems Lanka (Private) Limited	0.72	0.02
	Persistent Systems Malaysia Sdn. Bhd	0.07	-
	Persistent Systems México, S.A. de C.V.	10.01	-
	Persistent Systems Germany GmbH	1.48	-
	PARX Consulting GmbH	0.06	-
	PARX Werk AG	1.88	-
	Youperience GmbH	0.04	-
	Youperience Limited	0.04	-
	Persistent Systems Pte. Ltd.	0.29	-
	Aepona Group Limited	0.08	-
	Aepona Limited	1.16	2.34
	Software Corporation International LLC.	0.25	-
	Associate		
	Klisma e-Services Private Limited @	-	0.81
	Total	**90.99**	**22.28**
Advances received inclusive of Advances from customers	**Subsidiaries**		
	PARX Werk AG	-	0.17
	Aepona Limited	-	1.64
	Persistent Systems Israel Ltd.	-	1.28
	CAPIOT Software Private Limited	-	15.00
	Persistent Systems France SAS	-	3.57
	Persistent Systems, Inc.	749.40	976.15
		749.40	**997.81**
Trade payables	**Subsidiaries**		
	Persistent Systems, Inc.	-	165.68
	Persistent Systems Malaysia Sdn. Bhd.	7.18	22.21
	Persistent Telecom Solutions Inc.	18.33	3.41
	Persistent Systems Pte Ltd	-	2.83
	Aepona Limited	3.89	8.77
	Youperience GmbH	-	0.05
	Youperience Limited	1.64	1.30
	Persistent Systems Mexico, S.A. de C.V.	-	3.39
	PARX Werk AG	-	0.60
	PARX Consulting GmbH	0.01	-
	Total	**31.05**	**208.24**
Trade receivables	**Subsidiaries**		
	Persistent Systems France SAS	8.58	-
	Persistent Systems, Inc.	70.63	-
	Persistent Telecom Solutions Inc.	34.73	36.37
	Persistent Systems Malaysia Sdn. Bhd.	26.58	26.41
	Persistent Systems Germany GmbH	16.18	6.43
	PARX Consulting GmbH	0.92	18.82
	Persistent Systems Mexico, S.A. de C.V.	0.08	-
	Youperience Limited	0.63	-
	Persistent Systems Lanka (Private) Limited	0.07	3.67
	Total	**158.40**	**91.70**
Unbilled Receivable	**Subsidiaries**		
	Persistent Systems, Inc.	2,086.35	712.44
	Persistent Telecom Solutions Inc.	50.28	14.00
	Persistent Systems Malaysia Sdn. Bhd.	4.81	10.09
	Aepona Limited	0.62	0.60
	Persistent Systems Germany GmbH	10.47	14.04
	Persistent Systems France SAS	14.35	13.17
	Youperience Limited	-	6.43
	PARX Consulting GmbH	0.01	-
	PARX Werk AG	3.01	-
	CAPIOT Software Private Ltd.	-	73.10
	Total	**2,169.90**	**843.87**
Loans given	**Subsidiaries**		
	Persistent Systems Germany GmbH	420.67	-
	Associate		
	Klisma e-Services Private Limited @	-	27.43
	Total	**420.67**	**27.43**
Interest accrued on loan given	**Subsidiary**		
	Persistent Systems Germany GmbH	1.01	-
		1.01	**-**

(iii) Outstanding balances

(In ₹ Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2022	March 31, 2021
Investments	**Subsidiaries**		
	Persistent Systems, Inc.	3,048.26	2,478.01
	Persistent Systems Pte Ltd	15.50	15.50
	Persistent Systems France SAS	97.47	97.47
	Persistent Systems Malaysia Sdn. Bhd.	102.25	102.25
	Persistent Systems Germany GmbH	1,265.91	1,265.91
	CAPIOT Software Private Ltd.	483.71	376.61
	Associates		
	Klisma eService Private Limited @	-	0.05
	Total	**5,013.10**	**4,335.80**

@ Klisma e-Services Private Limited ('Klisma'), an Associate of the Company has been dissolved w.e.f. August 10, 2021 vide dissolution order passed by the Hon'ble National Company Law Tribunal, Mumbai Bench. These balances were fully provided.

(iv) Guarantees and letters of comfort given on behalf of subsidiary

i. Guarantees outstanding as at March 31, 2022: Rs. 770.78 Million (March 31, 2021: Rs. 1,109.08 Million).
ii. Letters of comfort of USD 60 Million: Rs. 4,547.40 Million (March 31, 2021: Nil) to bank for loans availed by subsidiary of the Company.

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35. Employees stock option plans (ESOP)

Certain information in this note relating to number of shares, options and per share/option price has been disclosed in full and is not rounded off.

a) Details of Employee stock option plans

The Company has framed various share-based payment schemes for its employees. The details of various equity-settled employee stock option plan ('ESOP') schemes adopted by the Board of Directors are as follows:

ESOP scheme	No. of options granted #	Date of adoption by the Board/Members	Initial Grant date	Exercise period
Scheme I	4,560,500	11-Dec-99	11-Dec-99	*
Scheme II	753,200	23-Apr-04	23-Apr-04	10 Years
Scheme III	2,533,300	23-Apr-04	23-Apr-04	*
Scheme IV	6,958,250	23-Apr-06	23-Apr-06	10 Years
Scheme V	1,890,525	23-Apr-06	23-Apr-06	*
Scheme VI	1,216,250	31-Oct-06	31-Oct-06	10 Years
Scheme VII	1,784,975	30-Apr-07	30-Apr-07	10 Years
Scheme VIII	42,000	24-Jul-07	24-Jul-07	3 Years
Scheme IX	1,374,462	29-Jun-09	29-Jun-09	10 Years
Scheme X	3,062,272	10-Jun-10	29-Oct-10	2-3 Years
Scheme XI **	1,614,200	26-Jul-14	03-Nov-14	4-5 Years
Scheme XII ***	67,300	04-Feb-16	08-Apr-16	2.5 Months
Scheme XIII	4,913,338	27-Jul-17	01-Aug-19	4-5 Years
Scheme XIV	80,000	27-Jul-17	01-May-19	3 Years

Adjusted for bonus issue of shares.

*No contractual life is defined in the scheme.

**The options under Scheme XI, which is a performance based ESOP scheme will vest after 2-3 years in proportion of credit points earned by the employees every quarter based on performance. The maximum options which can be granted under this scheme are 2,000,000.

***The options under Scheme XII, ESOP scheme would vest after 1 year. The maximum options which are granted under this scheme are 50 per employee.

The vesting period and conditions of the above ESOP schemes is as follows:

All the above ESOP schemes have service condition (other than scheme XI which is based on performance criteria), which require the employee to complete a specified period of service, as a vesting condition. The vesting pattern of various schemes has been provided below:

(i) Scheme I to V, VII, VIII, X and XIV

Service period from the date of grant	% of Options vesting			
	Scheme I to V & X	Scheme VII	Scheme VIII	Scheme XIV
12 Months	10%	20%	25%	0.00%
24 Months	30%	40%	50%	33.33%
36 Months	60%	60%	75%	66.66%
48 Months	100%	80%	100%	100%
60 Months	NA	100%	NA	NA

(ii) Scheme VI

Service period from the date of grant	% of Options vesting
18 Months	30%
Every quarter thereafter	5%

(iii) Scheme IX

Service period from the date of grant	% of Options vesting
30– 60 Months varying from employee to employee	100%

(iv) Scheme XI

Service period from the date of grant	% of Options vesting		
	Grant 1	Grant 2	Grant 3
12 Months	Based on credit points earned which varies from employee to employee	25%	40%
24 Months		50%	30%
36 Months		75%	30%
48 Months	NA	100%	NA
60 Months	NA	NA	NA

(v) Scheme XII:

Service period from the date of grant	% of Options vesting
1 year	100%

(v) Scheme XIII:

Service period from the date of grant	% of Options vesting		
	Grant 1	Grant 2	Grant 3
12 Months	25%	40%	33%
24 Months	50%	30%	67%
36 Months	75%	30%	100%
48 Months	100%	NA	NA
60 Months	NA	NA	NA

Persistent Systems Limited

Notes forming part of financial statements

b) Details of activity of the ESOP schemes

Movement for the year ended March 31, 2021 and March 31, 2022:

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme I	Number of Options	31-Mar-21	17	-	4	-	13	13
	Weighted Average Price	31-Mar-21	4.42	-	4.58	-	4.37	4.37
	Number of Options	31-Mar-22	13	-	13	-	-	-
	Weighted Average Price	31-Mar-22	4.37	-	4.37	-	-	-
Scheme II	Number of Options	31-Mar-21	-	-	-	-	-	-
	Weighted Average Price	31-Mar-21	-	-	-	-	-	-
	Number of Options	31-Mar-22	-	-	-	-	-	-
	Weighted Average Price	31-Mar-22	-	-	-	-	-	-
Scheme III	Number of Options	31-Mar-21	147,835	-		20,473	127,362	127,362
	Weighted Average Price	31-Mar-21	31.94	-	-	30.22	32.07	32.07
	Number of Options	31-Mar-22	127,362	-	-	19,103	108,259	108,259
	Weighted Average Price	31-Mar-22	32.07	-	-	33.69	31.78	31.78
Scheme IV	Number of Options	31-Mar-21	406,348	-	-	80,050	326,298	326,298
	Weighted Average Price	31-Mar-21	53.07	-	-	46.70	54.83	54.83
	Number of Options	31-Mar-22	326,298	-	-	80,000	246,298	246,298
	Weighted Average Price	31-Mar-22	54.83	-	-	55.16	54.72	54.72
Scheme V	Number of Options	31-Mar-21	60,332	-	-	8,641	51,691	51,691
	Weighted Average Price	31-Mar-21	27.58	-	-	28.99	27.22	27.22
	Number of Options	31-Mar-22	51,691	-	-	1,810	49,881	49,881
	Weighted Average Price	31-Mar-22	27.22	-	-	44.14	26.61	26.61
Scheme VI	Number of Options	31-Mar-21	-	-	-	-	-	-
	Weighted Average Price	31-Mar-21	-	-	-	-	-	-
	Number of Options	31-Mar-22	-	-	-	-	-	-
	Weighted Average Price	31-Mar-22	-	-	-	-	-	-
Scheme VII	Number of Options	31-Mar-21	6,961	-	-	3,620	3,341	3,201
	Weighted Average Price	31-Mar-21	58.18	-	-	56.83	59.65	61.12
	Number of Options	31-Mar-22	3,341	-	-	3,200	141	141
	Weighted Average Price	31-Mar-22	59.65	-	-	61.12	26.29	26.29
Scheme VIII	Number of Options	31-Mar-21	-	-	-	-	-	-
	Weighted Average Price	31-Mar-21	-	-	-	-	-	-
	Number of Options	31-Mar-22	-	-	-	-	-	-
	Weighted Average Price	31-Mar-22	-	-	-	-	-	-
Scheme IX	Number of Options	31-Mar-21	135,920	-		6,216	129,704	129,704
	Weighted Average Price	31-Mar-21	54.74	-	-	54.74	54.74	54.74
	Number of Options	31-Mar-22	129,704	-	-	13,993	115,711	115,711
	Weighted Average Price	31-Mar-22	54.74	-	-	54.74	54.74	54.74
Scheme X	Number of Options	31-Mar-21	125,062	-	92,955	32,107	-	-
	Weighted Average Price	31-Mar-21	188.75	-	183.38	204.30	-	-
	Number of Options	31-Mar-22	-	-	-	-	-	-
	Weighted Average Price	31-Mar-22	-	-	-	-	-	-
Scheme XI	Number of Options	31-Mar-21	570,000	295,000	300,000	119,000	446,000	6,000
	Weighted Average Price	31-Mar-21	10.00	10.00	10.00	10.00	10.00	10.00
	Number of Options	31-Mar-22	446,000	257,200	23,700	167,750	511,750	28,725
	Weighted Average Price	31-Mar-22	10.00	10.00	10.00	10.00	10.00	10.00
Scheme XII	Number of Options	31-Mar-21	-	-	-	-	-	-
	Weighted Average Price	31-Mar-21	-	-	-	-	-	-
	Number of Options	31-Mar-22	-	-	-	-	-	-
	Weighted Average Price	31-Mar-22	-	-	-	-	-	-
Scheme XIII	Number of Options	31-Mar-21	920,000	1,947,500	-	121,275	2,746,225	98,850
	Weighted Average Price	31-Mar-21	451.65	1,008.29	-	442.47	846.80	442.47
	Number of Options	31-Mar-22	2,746,225	1,990,838	923,803	433,136	3,380,124	226,045
	Weighted Average Price	31-Mar-22	846.80	3,116.67	1,679.25	727.30	1,971.52	892.30
Scheme XIV	Number of Options	31-Mar-21	80,000	-	40,000	-	40,000	10,000
	Weighted Average Price	31-Mar-21	540.82	-	540.82	-	540.82	540.82
	Number of Options	31-Mar-22	40,000	-	40,000	-	-	-
	Weighted Average Price	31-Mar-22	540.82	-	540.82	-	-	-
Total	Number of Options	31-Mar-21	2,452,475	2,242,500	432,959	391,382	3,870,634	753,119
	Number of Options	31-Mar-22	3,870,634	2,248,038	987,516	718,992	4,412,164	775,060

The weighted average share price for the period over which stock options were exercised was ₹ 3682.54 (previous year ₹ 1131.43).

c) Details of exercise price for stock options outstanding at the end of the year

Scheme	Range of exercise price	As at March 31, 2022		As at March 31, 2021	
		No. of Options outstanding*	Weighted average remaining	No. of Options outstanding	Weighted average remaining
Scheme I	2.04 – 9.57	-	Note (i)	13	Note (i)
Scheme II	12.96 – 48.21	-	-	-	-
Scheme III	12.96 – 48.21	108,259	Note (i)	127,362	Note (i)
Scheme IV	22.23 – 61.12	246,298	1.73	326,298	2.39
Scheme V	22.23 – 44.14	49,881	Note (i)	51,691	Note (i)
Scheme VI	22.23 – 30.67	-	-	-	-
Scheme VII	24.17 – 61.12	141	0.52	3,341	2.73
Scheme VIII	48.21 – 48.21	-	-	-	-
Scheme IX	54.74 – 54.74	115,711	1.24	129,704	2.24
Scheme X	157.58 – 279.70	-	-	-	-
Scheme XI	10	511,750	4.58	446,000	2.25
Scheme XII	10	-	-	-	-
Scheme XIII	442.47 – 3801.78	3,380,124	3.86	2,746,225	5.59
Scheme XIV	540.82 – 540.82	-	-	40,000	3.08

Note (i) No contractual life is defined in the scheme.

d) Effect of the employee share-based payment plans on the statement of profit and loss and on its financial position

Compensation expense arising from equity-settled employee share-based payment plans for the year ended March 31, 2022 amounted to ₹ 739.52 million (Previous year ₹ 236.33 million). The liability for employee stock options outstanding as at March 31, 2022 is ₹ 1144.84 million (Previous year ₹ 471.20 million).

e) Weighted average exercise prices and weighted average fair values of options

The Binomial tree and Black-Scholes valuation models have been used for computing the weighted average fair value of the stock options granted during the financial year 2021-22:

Particulars	March 31, 2022		March 31, 2021	
	RSU Scheme XI	ESOP Scheme XIII	RSU Scheme XI	ESOP Scheme XIII
Weighted average share price (Rs.)	3819.71	3670.90	948.4	1182.97
Weighted Exercise Price (Rs.)	10	3107.82	10	1008
Weighted Average Fair Value (Rs.)	3615.75	938.25	838.75	424.39
Expected Volatility	24.42	24.5	31.7	29.09
Life of the options granted ** (Vesting and exercise period)	3 - 4 yrs	3 - 4 yrs	4 yrs	4 yrs
Dividend Yield	200.00%	200.00%	2.00%	2.00%
Average risk-free interest rate	4.98%	4.48%	5.56%	5.49%

** Life of option varies as per graded vesting period for different class of options granted.

The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk-free rate of interest. Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of the Company's publicly traded equity shares and has been modelled based on historical movements in the market prices of the publicly traded equity shares during a larger period to smoothen the fluctuations .

Notes forming part of financial statements

36. Contingent liabilities

Sr. No	Particulars	As at March 31, 2022	As at March 31, 2021
a)	**Claims against the company not acknowledged as debt***		
1	**Indirect tax matters**		
	(i) In respect to the order passed by the Learned Principal Commissioner of Service Tax, Pune, for Service tax under import of services on reverse charge basis for the Financial Year 2014-15, the Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017. The Company has paid ₹ 165.58 million under protest towards the demand and the same forms part of the GST receivable balance. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Company will be eligible to claim credit/refund for the amount paid.	173.78	173.78
	(ii) In respect of export incentives pertaining to previous periods amounting to ₹ 255.52 million, which have been refunded under protest with interest of ₹ 41.03 million, the Company has filed an application with Directorate General of Foreign Trade (DGFT). Based on the documents filed with relevant authorities and based on the consultations with subject matter specialists, the Company believes that its position is most likely be upheld on ultimate resolution.	296.55	296.55
	(iii) Other Pending litigations in respect of Indirect taxes.	13.53	27.33
2	**Income tax demands disputed in appellate proceedings.**	855.02	478.70
b)	**Guarantees and Letter of Comfort on behalf of Subsidiaries**		
1	Guarantees given on behalf of subsidiaries	770.78	1,109.08
2	Letters of comfort on behalf of subsidiary (USD 60 Million (Previous year : Nil))	4,547.40	-

*The Company, based on independent legal opinions and judgments in favour of the Company in the earlier years, believes that the liabilities with respect to the above matters is not likely to arise and therefore, no provision is considered necessary in the financial statements.

37. Capital and other commitments

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	158.66	41.03
Other commitments		
Forward contracts	13,605.02	10,410.34

For commitments relating to lease agreements, please refer note 33.

38. Details of Corporate Social Responsibility expenditure

(In ₹ Million)

		For the year ended	
		March 31, 2022	**March 31, 2021**
a)	Gross amount required to be spent by the Company during the year	110.24	94.49
b)	Amount of Expenditure incurred		
	(i) Construction/acquisition of any asset	-	-
	(ii) On purposes other than (i) above	115.53	150.00
c)	Shortfall at the end of year	-	-
f)	Total of previous year shortfall	-	-
e)	Reason for shortfall	-	-
g)	Nature of CSR Activity	Donation given to the following entities: a. Persistent Foundation b. Help Age India c. Wildlife Research and Conservation Society	Donation given to Persistent foundation and PM Care fund
f)	Details of related party transactions		
	Donation given to Persistent Foundation	115.36	140.00
h)	Deails of provision made for liability incurred by entering into a contractual obligation	-	-

39. Business Combination

a. Shree Infosoft Pvt. Ltd

(1) On November 18, 2021 the Company acquired business of implementing and maintaining innovative cloud, infrastructure, data, and AI/ML solutions from Shree Infosft Pvt. Ltd, India ('Shree Infosoft'). After the acquisition of business, the Company does not hold any equity interest in Shree Infosoft. The acquisition will strengthen the Company's presence in innovative cloud, infrastructure and solutions in artificial intelligence and machine learning. Its acquisiton will help the Company meet the growing needs of its clients and it also add a new point of presence in NCR, India, additional industry capabilities.

(2) The acquisition of the said businesses is accounted for using the acquisition method of accounting under Ind AS 103. The Company is in the process of performing the complete exercise of purchase price allocation of assets and liabilities assumed as at the reporting date. The Company has exercised the option available under Ind AS 103, which provides The Company a period of twelve months from the acquisition date for completing the accounting of purchase price allocation on provisional basis.

The fair value of amount of consideration paid/payable recognised on provisional basis is ₹ 108.71 million.

(3) Based on provisional purchase price allocation, the Company has recognised Property, Plant and Equipment amounting to ₹ 1.97 Million and provisional intangible assets represented by contractual rights amounting to ₹ 85 Million and goodwill amounting to ₹ 21.74 Million.

b. Data Glove IT Solutions Private Limited

(1) On March 1, 2022 the Company acquired business from Data Glove IT Solutions Private Ltd. which comprise of Microsoft Cloud Modernization Services Partnership with Gold level competencies in Azure Cloud Platform, Data Center, Application Development and Data Analytics, Application Integration. After the acquisition of business, the Company does not hold any equity interest in Data Glove IT Solutions Private Ltd. This acquisition will help Persistent enhance its partnership and expand expertise in Azure-based digital transformation, enabling us to capture a larger share of this high growth market. This acquisition also broadens the company's delivery capabilities with highly skilled talent, establishing a new nearshore delivery center in Costa Rica and expanding its presence in the US and India.

(2) The acquisition of the said businesses is accounted for using the acquisition method of accounting under Ind AS 103. The Company is in the process of performing the complete exercise of purchase price allocation of assets and liabilities assumed as at the reporting date. The Company has exercised the option available under Ind AS 103, which provides The Company a period of twelve months from the acquisition date for completing the accounting of purchase price allocation on provisional basis.

The fair value of amount of consideration paid/payable recognised on provisional basis is ₹ ₹ 520.16 Million.

(3) Based on provisional purchase price allocation, the Company has recognised provisional intangible assets represented by contractual rights amounting to ₹ 420.31 Million and goodwill amounting to ₹ 99.85 Million.

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40. Ratios

Ratio	Denomination	Numerator	Denominator	March 31, 2022	March 31, 2021	% change	Reason for variance (If more than 25%)
(a) Current Ratio	Number	Current Assets	Current Liabilties	3.79	4.70	-19.36%	
(b) Debt-Equity Ratio	%	Debt	Shareholder's Equity	0.02%	0.03%	-0.01%	
(c) Debt Service Coverage Ratio	Number	Earnings available for debt service	Current debt liability	4,509.01	3,116.86	44.67%	Note 1
(d) Return on Equity Ratio	%	Net Profit after tax	Average Shareholder's Equity	22.55%	19.95%	2.60%	
(e) Trade Receivables turnover ratio	Number	Revenue from operations	Average Trade receivables	9.67	8.48	14.09%	
(f) Trade payables turnover ratio	Number	Cost of Professionals+other expenses+Other non cash adjustments	Average Trade payables	5.73	4.73	21.23%	
(g) Net capital turnover ratio	Number	Revenue from operations	Working Capital	2.37	1.47	60.96%	Note 2
(h) Net profit ratio	%	Net Profit after tax	Revenue	19.18%	20.37%	-1.19%	
(i) Return on Capital employed	%	Profit before Interest and taxes	Average capital employed	30.20%	26.52%	3.68%	
(j) Return on investment	%	Income generated from treasury investments	Average invested funds in treasury investments	5.90%	5.16%	0.74%	

*Earnings available for debt service = Profit Before Tax + Finance cost + Depreciation & Amortization - Other income - Lease payments

Note 1 : Earnings growth with corresponding repayment of debt during the year has resulted in improvement in ratio.
Note 2 : Revenue growth during the year has resulted in improvement in ratio.

41. Disclosure required under Sec 186(4) of the Companies Act 2013

(a) Details of Loans given

In ₹ Million

Name of Party	Rate of Interest	Purpose	Term	March 31, 2022	March 31, 2021
Persistent Systems Germany GmbH	3 months Euro Interbank Offered Rate plus 300 basis points.	Loan granted for working capital requirements and to fund acquisition opportunities .	36 Months	420.67	-
Klisma e-Service Private Limited	12% P.A	Loan was granted for meeting business requirements.	12 Months	-	27.43

(b) Details of gurantees given on behalf of subsidiaries

In ₹ Million

Name of Subsidiary	As at March 31, 2022		As at March 31, 2021	
	$ Million	₹ Million	$ Million	₹ Million
Persistent Systems Inc.	10.17	770.78	15.17	1,149.73

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42. Auditors' remuneration

	For the year ended	
	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million
As auditor:		
- Audit fee	8.50	7.58
In other capacity:		
- Other services	0.30	1.22
Reimbursement of expenses	0.12	0.20
	8.92	**9.00**

43. Research and development expenditure

The particulars of expenditure incurred on in-house research and development are as follows:

	For the year ended	
	March 31, 2022	March 31, 2021
	In ₹ Million	In ₹ Million
Capital	-	-
Revenue	136.72	196.72
	136.72	**196.72**

44. Details of dues to micro and small enterprises as defined under MSMED Act, 2006

There are no defaults and overdue amounts payable to suppliers, who have intimated about their status as Micro and Small Enterprises as per the provisions of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).

45. Net dividend remitted in foreign exchange

In ₹ Million

Particulars	Period to which dividend relates	No. of non-resident shareholders	No. of equity shares held on which dividend was due	For the year ended	
			(in million)	March 31, 2022	March 31, 2021
Interim dividend	2021-22	5	0.37	5.95	4.11
Final dividend	2020-21	3	0.37	1.76	-

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46. The Company has deposits of ₹ 430 million with the financial institutions viz. Infrastructure Leasing & Financial Services Ltd. (IL&FS) and IL&FS Financial Services Ltd. (referred to as "IL&FS Group") as on the balance sheet date. These were due for maturity from January 2019 to June 2019. In view of the uncertainty prevailing with respect to recovery of outstanding balances from IL&FS Group, Management of the Company has fully provided for these deposits along with interest accrued thereon till the date the deposits had become doubtful of recovery. The Management is hopeful of recovery though with a time lag. The Company continues to monitor developments in the matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposits.

47. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

48. The financial statements are presented in ₹ Million and decimal thereof except for per share information or as otherwise stated.

49. Previous year's figures have been regrouped where necessary to conform with the current year's classification.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.04.27 21:49:27 +05'30'
Anand Deshpande

Shashi Tadwalkar

Partner
Membership No.: 101797

For and on behalf of the Board of Directors of
Persistent Systems Limited

Sandeep Kalra
Sandeep Kalra (Apr 27, 2022 18:07 GMT+5.5)

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune	Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022	Date : April 27, 2022

Sunil Sapre
Sunil Sapre (Apr 27, 2022 17:18 GMT+5.5)

Amit Atre
Amit Atre (Apr 27, 2022 16:56 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Pune	Place: Pune
Date : April 27, 2022	Date : April 27, 2022

Place: Pune
Date : April 27, 2022

. (Apr 27, 2022 16:55 GMT+5.5)