Walker Chandiok & Co LLP

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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') and its associate, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2021, 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.

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 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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group and its associate as at 31 March 2021, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated 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 Consolidated 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below 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 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, and its 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.

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

Key audit matter	How our audit addressed the key audit matter
Accuracy of revenues and onerous obligations in respect of fixed-price contracts Refer Notes 4 (j) (i) - notes forming part of the Consolidated Financial Statements. The Group has entered into various fixed-price software development contracts, for which revenue is recognized by the Group 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; ➢ 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. • 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.

Key audit matter	**How our audit addressed the key audit matter**
Unbilled revenue in respect of revenue sharing arrangements, i.e., Royalty income Refer Note 4 (j) (i) notes forming part of the Consolidated Financial Statements. Royalty income from one of the main customers is accrued as a percentage of total onward sales made by the customer during the period. Recognition of royalty income for the period of three months before year end, involves estimations made by the Group based on prior trends and booked as an unbilled receivable, since sales for the period by the customer is determined subsequent to the period end. Considering the materiality of the amounts involved, and significant degree of judgement and subjectivity involved in the estimates of the unbilled revenue, we have identified unbilled receivable in respect of revenue sharing arrangements 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 estimating revenue and the associated unbilled revenue. • Tested the design and operating effectiveness of the internal controls relating to estimation of share of revenue involved in recognition of royalty income. • Evaluated basis of estimation of aforesaid unbilled receivable from the terms of the contract and past trends, and verified arithmetical accuracy of management computation. • Assessed historical accuracy of the forecasts made by the management in earlier period/s. • Performed analytical procedures for reasonableness of revenue and associated unbilled revenue recorded and disclosed as at year end. • Evaluated the appropriateness of disclosures made in the financial statements with respect to unbilled revenue recognized during the year as required by applicable Indian Accounting Standards.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Contingent liabilities relating to export incentive litigation

Refer Note 43 – 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 current 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 the 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.

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Our audit work included but was not restricted to the following procedures:

- Obtained an understanding of the Group'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 Group'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 disclosure made in the financial statement to determine whether management has presented the facts and circumstances adequately.

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</table>

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

6. The Holding Company's Board of Directors is 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

7. The accompanying 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 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 associates in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group, and its associate companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets 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. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its associate are responsible for assessing the ability of the Group and its associate 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 Group and its associate or to cease operations, or has no realistic alternative but to do so.

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

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

10. 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.

11. As part of an audit in accordance with Standards on Auditing, 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 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 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 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 consolidated financial statements, including the disclosures, and whether the 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 within the Group, and its associates, to express an opinion on the 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.

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 consolidated 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

15. We did not audit the financial statements of twenty subsidiaries, whose financial statements reflect total assets of ₹ 4,631.34 million and net assets of ₹ 1,652.75 million as at 31 March 2021, total revenues of ₹ 5,140.16 million and net cash inflows amounting to ₹ 7.87 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 matters with respect to our reliance on the work done by and the reports of the other auditors.

16. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ Nil for the year ended 31 March 2021, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the aforesaid associate is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group and its associate.

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 financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

17. 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 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. Further, we report that the provisions of Section 197 read with Schedule V to the Act are not applicable to twenty-one subsidiary companies and one associate company, since none of such companies are covered under the Act.

18. 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;

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 report of the statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies and its associate, covered under the Act, are disqualified as on 31 March 2021 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 over financial reporting 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 and its associate, as detailed in Note 43 to the consolidated financial statements.

ii. the Group and its associate did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

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 2021;

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

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

SHASHI TADWALKAR
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Date: 2021.04.29 23:13:42 +05'30'

Shashi Tadwalkar
Partner
Membership No:101797

UDIN:21101797AAAAAQ4235

Place: Pune
Date: 29 April 2021

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	Valista Limited (VL) (Dissolved w.e.f. 24 June 2020)	Wholly owned subsidiary of AGL
9	Aepona Group Limited (AGL)	Wholly owned subsidiary of PSI
10	Aepona Limited	Wholly owned subsidiary of AGL
11	Youperience GmbH (YGmbH)	Wholly owned subsidiary of PSGG
12	Youperience Limited	Wholly owned subsidiary of YGmbH
13	Persistent Systems Lanka (Private) Limited	Wholly owned subsidiary of AGL
14	Persistent Systems Mexico, S.A. de C.V.	Wholly owned subsidiary of PSI
15	Persistent Systems Israel Ltd	Wholly owned subsidiary of PSI
16	PARX Werk AG	Wholly owned subsidiary of PSGG
17	PARX Consulting GmbH	Wholly owned subsidiary of PARX Werk AG
18	Capiot Software Private Limited (Acquired w.e.f. October 29, 2020)	Wholly owned subsidiary of PSL
19	Capiot Software Inc. (Capiot US) (Acquired w.e.f. November 7, 2020)	Wholly owned subsidiary of PSI
20	Capiot Software Pty Limited (Acquired w.e.f. November 7, 2020)	Wholly owned subsidiary of Capiot US
21	Capiot Software Pte Limited (Acquired w.e.f. November 7, 2020)	Wholly owned subsidiary of Capiot US
22	Persistent Systems S.R.L. (incorporated on March 23, 2021)	Wholly owned subsidiary of PSI
23	Klisma e-Services Private Limited	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 2021

Independent Auditor's Report on the Internal Financial Controls 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 2021, 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

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 internal financial controls with reference to financial statements, 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

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 over financial reporting and such controls were operating effectively as at 31 March 2021, 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 Registration No:001076N/N500013

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2021.04.29 23:14:09 +05'30'

Shashi Tadwalkar
Partner
Membership No:101797

UDIN:21101797AAAAAQ4235

Place: Pune
Date: 29 April 2021

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021

	Notes	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
ASSETS			
Non-current assets			
Property, plant and equipment	6.1	2,401.40	2,224.60
Capital work-in-progress		121.81	166.18
Right of use assets	6.2	852.58	566.81
Goodwill	6.3	85.94	88.94
Other Intangible assets	6.4	1,229.50	1,434.93
Intangible assets under development		-	137.20
		4,691.23	**4,618.66**
Financial assets			
- Investments	7	3,621.27	4,620.97
- Loans	8	134.76	176.13
- Other non-current financial assets	9	25.76	358.93
Deferred tax assets (net)	10	1,037.57	960.08
Other non-current assets	11	441.52	331.31
		9,952.11	**11,066.08**
Current assets			
Financial assets			
- Investments	12	6,374.95	5,164.77
- Trade receivables (net)	13	5,708.97	5,921.96
- Cash and cash equivalents	14	2,419.30	1,899.99
- Other bank balances	15	7,389.70	2,672.19
- Loans	16	71.26	13.71
- Other current financial assets	17	2,467.23	2,068.54
Current tax assets (net)		188.00	163.93
Other current assets	18	2,083.72	1,950.52
		26,703.13	**19,855.61**
TOTAL		**36,655.24**	**30,921.69**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	5	764.25	764.25
Other equity		27,192.41	23,093.30
		27,956.66	**23,857.55**
LIABILITIES			
Non- current liabilities			
Financial liabilities			
- Lease liabilities	20	716.17	353.36
- Borrowings	19	44.27	46.22
Provisions	21	240.94	182.79
		1,001.38	**582.37**
Current liabilities			
Financial liabilities			
- Lease liabilities	20	222.00	309.06
- Trade payables [(dues of micro and small enterprises ₹ 30.20 million (Previous year: ₹ 5.15 million)]	22	2,733.44	2,247.09
- Other financial liabilities	23	390.17	862.34
Other current liabilities	24	1,514.95	1,320.13
Provisions	25	2,477.79	1,610.99
Current tax liabilities (net)		358.85	132.16
		7,697.20	**6,481.77**
TOTAL		**36,655.24**	**30,921.69**
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: 2021.04.29 23:14:42 +05'30'

Shashi Tadwalkar
Partner

Membership No. :- 101797

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

Anand Deshpande

Sandeep Kalra
Sandeep Kalra (Apr 29, 2021 10:26 EDT)

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: New Jersey, USA	Place: Mumbai
Date : April 29, 2021	Date : April 29, 2021	Date : April 29, 2021

Sunil Sapre
Sunil Sapre (Apr 29, 2021 19:45 GMT+5.5)

Amit Atre
Amit Atre (Apr 29, 2021 19:02 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Mumbai	Place: Pune
Date : April 29, 2021	Date : April 29, 2021

Place: Pune
Date : April 29, 2021

. (Apr 29, 2021 19:00 GMT+5.5)

Persistent Systems Limited

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

	Notes	For the year ended March 31, 2021 In ₹ Million	March 31, 2020 In ₹ Million
Income			
Revenue from operations (net)	26	41,878.88	35,658.08
Other income	27	1,077.72	1,323.77
Total income (A)		**42,956.60**	**36,981.85**
Expenses			
Employee benefits expense	28.1	25,157.99	21,556.40
Cost of professionals	28.2	5,563.68	3,918.94
Finance costs (refer note 35)		57.94	63.32
Depreciation and amortization expense	6.5	1,755.50	1,659.62
Other expenses	29	4,327.06	5,260.15
Total expenses (B)		**36,862.17**	**32,458.43**
Profit before tax (A - B)		**6,094.43**	**4,523.42**
Tax expense			
Current tax		1,774.01	1,354.70
Tax charge in respect of earlier years		10.58	52.55
Deferred tax credit		(196.93)	(286.72)
Total tax expense		**1,587.66**	**1,120.53**
Net profit for the year (C)		**4,506.77**	**3,402.89**
Other comprehensive income			
Items that will not be reclassified to profit and loss (D)			
- Remeasurements of the defined benefit liabilities / asset (net of tax)		10.25	(34.80)
		10.25	**(34.80)**
Items that may be reclassified to profit and loss (E)			
- Effective portion of cash flow hedge (net of tax)		383.54	(429.15)
- Exchange differences in translating the financial statements of foreign operations		(20.07)	323.15
		363.47	**(106.00)**
Total other comprehensive income for the year (D) + (E)		**373.72**	**(140.80)**
Total comprehensive income for the year (C) + (D) + (E)		**4,880.49**	**3,262.09**
Earnings per equity share	30		
[Nominal value of share ₹10 (Previous year: ₹10)]			
Basic (In ₹)		58.97	44.38
Diluted (In ₹)		58.97	44.38
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: 2021.04.29 23:15:05 +05'30'

Shashi Tadwalkar

Partner
Membership No. :- 101797

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

Anand Deshpande

Sandeep Kalra
Sandeep Kalra (Apr 29, 2021 10:26 EDT)

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721
Place: Pune
Date : April 29, 2021

Sandeep Kalra
Executive Director and Chief Executive Officer
DIN: 02506494
Place: New Jersey, USA
Date : April 29, 2021

Praveen Kadle
Independent Director
DIN: 00016814
Place: Mumbai
Date : April 29, 2021

Sunil Sapre
Sunil Sapre (Apr 29, 2021 19:45 GMT+5.5)

Amit Atre
Amit Atre (Apr 29, 2021 19:02 GMT+5.5)

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949
Place: Mumbai
Date : April 29, 2021

Amit Atre
Company Secretary
Membership No. A20507
Place: Pune
Date : April 29, 2021

Place: Pune
Date : April 29, 2021

Persistent Systems Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

		For the year ended	
		March 31, 2021 In ₹ Million	March 31, 2020 In ₹ Million
Cash flow from operating activities			
Profit before tax		**6,094.43**	**4,523.42**
Adjustments for:			
Interest income		(558.70)	(545.28)
Finance costs		57.94	63.32
Dividend income		-	(13.98)
Depreciation and amortization expense		1,755.50	1,659.62
Unrealised exchange loss/ (gain) (net)		139.55	(131.29)
Change in foreign currency translation reserve		(42.32)	119.30
Exchange (gain) / loss on derivative contracts		(169.80)	58.51
Exchange loss / (gain) on translation of foreign currency cash and cash equivalents		11.50	(46.77)
Bad debts		90.30	-
Provision for expected credit loss (net)		31.32	83.86
Employee stock compensation expenses		290.44	236.79
Provision for doubtful deposits and advances		-	248.48
Provision for diminution in value of investments		18.53	-
Remeasurements of the defined benefit liabilities / asset (before tax effects)		10.25	(46.14)
Impairment of loan		23.96	-
Excess provision in respect of earlier years written (back)		(41.79)	(6.95)
(Gain)/ loss on fair valuation of assets designated at FVTPL		131.39	(119.02)
Profit on sale of investments (net)		(478.13)	(164.81)
Loss / (Profit) on sale of property, plant and equipment (net)		(1.34)	5.96
Operating profit before working capital changes		**7,363.03**	**5,925.02**
Movements in working capital :			
Increase in non-current and current loans		(40.03)	(14.44)
Increase in other non current assets		(76.81)	(235.30)
Increase in other current financial assets		(104.23)	(232.15)
Decrease / (Increase) in other current assets		58.26	(559.10)
Decrease / (Increase) in trade receivables		58.49	(894.77)
Increase in trade payables, current liabilities and non current liabilities		757.56	1,000.26
Increase /(Decrease) in provisions		924.95	(145.37)
Operating profit after working capital changes		**8,941.22**	**4,844.15**
Direct taxes paid (net of refunds)		(1,581.97)	(1,328.27)
Net cash generated from operating activities	**(A)**	**7,359.25**	**3,515.88**
Cash flows from investing activities			
Payment towards capital expenditure (including intangible assets)		(1,281.04)	(758.39)
Proceeds from sale of property, plant and equipment		30.02	12.68
Acquisition of step-down subsidiary including cash and cash equivalents of ₹ 30.90 million (Previous year ₹ 37.35 million)		(448.47)	(435.48)
Purchase of bonds		(712.18)	(901.61)
Proceeds from sale/ maturity of bonds		350.53	819.87
Proceeds from sale of non-current investments		-	25.22
Investments in mutual funds		(24,591.91)	(19,456.95)
Proceeds from sale / maturity of mutual funds		25,068.92	17,670.49
Maturity / (Investments) of bank deposits having original maturity over three months		(4,198.89)	2,108.15
Maturity of deposits with financial institutions		-	250.00
Interest received		366.29	503.60
Dividends received		-	13.98
Net cash used in investing activities	**(B)**	**(5,416.73)**	**(148.44)**
Cash flows from financing activities			
(Repayment) of long term borrowings		(4.54)	(4.62)
Shares bought back		-	(1,677.01)
Payment of lease liabilities		(319.11)	(287.70)
Loan received as a part of COVID-19 relief measures		-	39.14
Specific project related grant received		9.00	3.00
Interest paid		(58.01)	(63.31)
Dividends paid		(1,069.95)	(1,146.38)
Tax on dividend paid		-	(154.14)
Net cash (used in) financing activities	**(C)**	**(1,442.61)**	**(3,291.02)**

Persistent Systems Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	For the year ended March 31, 2021 In ₹ Million	March 31, 2020 In ₹ Million
Net increase in cash and cash equivalents (A + B + C)	499.91	76.42
Cash and cash equivalents at the beginning of the year	1,899.99	1,739.45
Cash and cash equivalents acquired on acquisition	30.90	37.35
Effect of exchange difference on translation of foreign currency cash and cash equivalents	(11.50)	46.77
Cash and cash equivalents at the end of the year	**2,419.30**	**1,899.99**
Components of cash and cash equivalents		
Cash on hand (refer note 14)	0.41	0.24
Balances with banks		
On current accounts # (refer note 14)	1,583.20	1,566.06
On saving accounts (refer note 14)	1.33	0.36
On Exchange Earner's Foreign Currency accounts (refer note 14)	208.57	261.86
On deposit accounts with original maturity less than three months (refer note 14)	625.79	71.47
Cash and cash equivalents	**2,419.30**	**1,899.99**

Out of the cash and cash equivalent balance as at March 31, 2021, the Group can utilise ₹ 154.39 Million (Previous year: ₹ 6.62 Million) only towards certain predefined activities specified in the agreement.

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: 2021.04.29 23:15:28 +05'30'

Shashi Tadwalkar
Partner

Membership No. :- 101797

Place: Pune
Date : April 29, 2021

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

Anand Deshpande

Sandeep Kalra
Sandeep Kalra (Apr 29, 2021 10:26 EDT)

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: New Jersey, USA	Place: Mumbai
Date : April 29, 2021	Date : April 29, 2021	Date : April 29, 2021

Sunil Sapre
Sunil Sapre (Apr 29, 2021 19:45 GMT+5.5)

Amit Atre
Amit Atre (Apr 29, 2021 19:02 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Mumbai	Place: Pune
Date : April 29, 2021	Date : April 29, 2021

Persistent Systems Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Share capital

(refer note 5)

(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**

(In ₹ Million)

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
791.19	**(26.94)**	**764.25**

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Persistent Systems Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021
B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus							Items of other comprehensive income		Total
	Securities premium	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 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)	-	-	-
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**

(In ₹ Million)

Particulars	Reserves and surplus							Items of other comprehensive income		Total
	Securities premium	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, 2019	774.10	10,565.95	76.29	52.71	8.81	70.00	10,657.52	185.06	265.17	22,655.61
Net profit for the period	-	-	-	-	-	-	3,402.89	-	-	3,402.89
Other comprehensive income for the period	-	-	-	-	-	-	(34.80)	(429.15)	323.15	(140.80)
Transfer to capital redemption reserve	-	-	-	-	26.94	-	(26.94)	-	-	-
Transitional impact on adoption of Ind AS 116 (net of taxes)	-	-	-	-	-	-	(123.60)	-	-	(123.60)
Dividend	-	-	-	-	-	-	(1,146.38)	-	-	(1,146.38)
Tax on dividend	-	-	-	-	-	-	(154.14)	-	-	(154.14)
Transfer from Special Economic Zone re-investment reserve	-	-	-	-	-	(20.05)	20.05	-	-	-
Transfer to general reserve	-	1,630.89	-	-	-	-	(1,630.89)	-	-	-
Employee stock compensation expenses	-	-	236.79	-	-	-	-	-	-	236.79
Adjustments towards employees stock options	-	25.61	(25.61)	-	-	-	-	-	-	-
Utilised towards buy back of shares (refer note 5)	(774.10)	-	-	-	-	-	(875.97)	-	-	(1,650.07)
Other changes during the year	-	4.96	3.04	5.00	-	-	-	-	-	13.00
Balance at March 31, 2020	**-**	**12,227.41**	**290.51**	**57.71**	**35.75**	**49.95**	**10,087.74**	**(244.09)**	**588.32**	**23,093.30**

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: 2021.04.29 23:16:02 +05'30'

Shashi Tadwalkar
Partner

Membership No. :- 101797

Place: Pune
Date : April 29, 2021

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

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721
Place: Pune
Date : April 29, 2021

Sandeep Kalra (Apr 29, 2021 10:26 EDT)
Sandeep Kalra
Executive Director and Chief Executive Officer
DIN: 02506494
Place: New Jersey, USA
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Date : April 29, 2021

Amit Atre (Apr 29, 2021 19:02 GMT+5.5)
Amit Atre
Company Secretary
Membership No. A20507
Place: Pune
Date : April 29, 2021

Nature and purpose of reserves

a) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.

b) 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 as per section 2 (43) of the Companies Act, 2013.

c) 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.

d) 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.

e) 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.

f) Special Economic Zone re-investment reserve

The Special Economic Zone re-investment reserve has been created out of the profit in terms of the provisions of Section 10AA(1)(ii) of the Income tax Act, 1961. The reserve is 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.

g) Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into towards highly probable transactions. Such gains or losses are subsequently recognised in the statement of profit and loss in the period in which the said transaction occurs / hedging instruments are cancelled.

h) 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 Holdings Limited (was an Ireland based wholly owned subsidiary of Persistent Systems, Inc.) operated as the holding Company of Aepona Group Limited.

Aepona Holdings Limited has been dissolved with effect from October 24, 2019. Persistent Systems, Inc., its holding Company, took over all the assets and liabilities of Aepona Holdings Limited on the date of dissolution.

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.

Valista Limited (an Ireland based wholly owned subsidiary of Aepona Group Limited) has been dissolved with effect from June 24, 2020. Aepona Group Limited, its holding Company, took over all the assets and liabilities of Valista Limited on the date of dissolution.

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 and Youperience GmbH.

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.

Herald Technologies Inc. (HTI), based in the USA a wholly owned subsidiary of Persistent Systems Inc., was working on implementation of platforms and related IT services for the healthcare industry.

Herald Technologies Inc. has been dissolved with effect from June 24, 2019. Persistent Systems Inc, its holding company, took over all the assets and liabilities of Herald Technologies, Inc. on the date of dissolution.

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.

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.

Klisma e-Services Private Limited was engaged in the business of internet, telecommunications, mobile technology and other media enabling electronic commerce.

2. Basis of preparation

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.
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.

All assets and liabilities have been classified as current or non-current as per the Group operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013 (the "Act"). 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 for the purpose of current and non-current classification of assets and liabilities

3. Principles of consolidation

The consolidated financial statements of the Parent Company and its subsidiaries ("the Group") for the year ended March 31, 2021 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 consolidated financial statements include the share of profit / loss of associate companies, which are accounted for under the 'Equity method'. The share of profit / loss of the associate company has been adjusted to the cost of investment in the associate, as per the 'Equity method'. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.

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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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-21	31-Mar-20	
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 Holdings Limited (Dissolved with effect from October 24, 2019)	-	-	Ireland
Aepona Group Limited	100%	100%	Ireland
Aepona Limited	100%	100%	UK
Valista Limited (Dissolved with effect from June 24, 2020)	-	100%	Ireland
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%	-	India
CAPIOT Software Inc. (Acquired w.e.f. November 7, 2020)	100%	-	USA
CAPIOT Software Pty Limited (Acquired w.e.f. November 7, 2020)	100%	-	Australia
CAPIOT Software Pte Limited (Acquired w.e.f. November 7, 2020)	100%	-	Singapore
Persistent Systems S.R.L. (Incorporated on March 23, 2021)	100%	-	Italy
Klisma e-Services India Pvt. Ltd. (under liquidation)	50%	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	85.82%	27,655.24	97.84%	5,050.86	101.44%	399.48	98.09%	5,450.34
Foreign subsidiaries:								
Persistent Systems, Inc.	9.05%	2,915.05	-3.25%	(167.87)	-	-	-3.02%	(167.87)
Persistent Systems Pte. Ltd.	0.11%	35.32	-0.17%	(8.59)	-	-	-0.15%	(8.59)
Persistent Systems France SAS	0.57%	183.40	0.22%	11.51	-	-	0.21%	11.51
Persistent Telecom Solutions Inc.	-0.02%	(6.43)	1.16%	59.96	-	-	1.08%	59.96
Persistent Systems Malaysia Sdn. Bhd.	0.54%	173.95	0.79%	40.80	-	-	0.73%	40.80
Aepona Group Limited	0.11%	34.98	0.65%	33.73	-	-	0.61%	33.73
Aepona Limited	-0.87%	(278.97)	2.25%	115.93	-	-	2.09%	115.93
Valista Limited	0.00%	-	-0.02%	(1.08)	-	-	-0.02%	(1.08)
Persistent Systems Lanka (Private) Limited	0.57%	182.19	0.63%	32.46	-1.44%	(5.69)	0.48%	26.77
Persistent Systems Israel Ltd.	0.48%	154.34	0.57%	29.29	-	-	0.53%	29.29
Persistent Systems Mexico, S.A. de C.V.	0.00%	(1.04)	-0.20%	(10.35)	-	-	-0.19%	(10.35)
Persistent Systems Germany GmbH	3.74%	1,206.49	-0.10%	(5.02)	-	-	-0.09%	(5.02)
PARX Werk AG	0.22%	71.37	0.22%	11.50	-	-	0.21%	11.50
PARX Consulting GmbH	-0.25%	(81.04)	0.34%	17.62	-	-	0.32%	17.62
Youperience Limited	-0.05%	(17.31)	-0.18%	(9.29)	-	-	-0.17%	(9.29)
Youperience GmbH	-0.30%	(96.60)	-0.86%	(44.45)	-	-	-0.80%	(44.45)
CAPIOT Software Private Limited	0.24%	75.74	0.04%	2.30	-	-	0.04%	2.30
CAPIOT Software Inc.	0.06%	19.83	-0.03%	(1.54)	-	-	-0.03%	(1.54)
CAPIOT Software Pty Limited	0.02%	5.67	0.06%	2.92	-	-	0.05%	2.92
CAPIOT Software Pte Limited	-0.03%	(9.93)	0.04%	1.97	-	-	0.04%	1.97
Persistent Systems S.R.L	0.00%	0.81	0.00%	(0.05)	-	-	0.00%	(0.05)
Subtotal	**100.00%**	**32,223.06**	**100.00%**	**5,162.61**	**100.00%**	**393.79**	**100.00%**	**5,556.40**
Associates:								
Klisma e-Service Private Limited	-	-	-	-	-	-	-	-
FCTR	-	-	-	-	-	(20.07)	-	(20.07)
Consolidation adjustments	-	(4,266.40)	-	-	-	-	-	-
Amortization of Intangibles recognized on Business Combination	-	-	-	(305.37)	-	-	-	(305.37)
Adjustment for eliminating margin on cost transfer for capitalization	-	-	-	9.54	-	-	-	9.54
DTA on items recognised on consolidation	-	-	-	(9.34)	-	-	-	(9.34)
Dividend from subsidiaries	-	-	-	(159.97)	-	-	-	(159.97)
Others	-	-	-	(190.70)	-	-	-	(190.70)
Total		**27,956.66**		**4,506.77**		**373.72**		**4,880.49**

4. Summary of significant accounting policies

(a) Use of estimates

A. The preparation of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

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

The Group has evaluated likely impact of COVID - 19 on the overall business of the Group. The Group as at the date of the approval of these consolidated financial statements, has used various available sources of information to analyse the carrying amount of its financial assets and exposures. The impact of COVID - 19 on the Group's consolidated financial statements may differ from the estimate as on the date of the approval of the condensed interim consolidated financial statements.

(i) Expected credit loss:

The Group has considered the current and anticipated future economic conditions relating to the industries the Group deals with and the countries where it operates. In calculating expected credit loss, the Group has also considered related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic, COVID -19 using the forward looking approach prescribed by Ind AS 109.

(ii) Impact on hedged and unhedged foreign currency exposure:

Based on its assessment, the Group believes that the probability of occurrence of its forecasted transaction are not likely to be impacted by COVID - 19. Hence, the Group continues to believe that there is no foreseeable impact the effectiveness of its cash flow hedges due to this global pandemic.

(iii) Carrying value of financial instruments:

Investments in mutual funds are classified as "Level 1" having fair value marked to an active market which factors in the uncertainties arising out of COVID – 19. These financial assets are mainly investments in liquid securities and no material permanent decline in their carrying value are expected.

(iv) Impact on revenue:

The Group continues to re-evaluate the probable revenues from customers in various verticals to assess any possible drops in revenue from any of these verticals due to the economic stress caused by COVID - 19. Accordingly, it is of the opinion that the customers could re-prioritise their discretionary spend in immediate future to conserve resources.

The impact assessment of COVID - 19 is a continuing process given the uncertainties associated with its nature and duration. The Group has considered the same to the extent known currently and has taken steps to measure the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays and costs in meeting its obligations.

C. Critical accounting estimates

i. 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, in writing, 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.

The Group uses the percentage-of-completion method in accounting for its 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.

ii. 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.

iii. Intangible assets and contingent consideration in business combinations

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

iv. Estimates related to useful life of property, plant and equipment and intangible assets

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.

v. Impairment of Goodwill

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. 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.

vi. Provisions

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

vii. Internally generated Intangible assets

The management assesses the recoverability of the Group's internally generated intangible assets including those under development. Based on the current revenue generated from these lines of business, expected future revenue and the basis of amortization followed, the management considers the carrying value of these intangible assets as recoverable.

viii. 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 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.

(b) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its 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. 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) 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 consideration transferred for the acquisition of a subsidiary comprises the:

- Fair values of the assets transferred;
- Liabilities incurred to the former owners of the acquired business;
- Equity interests issued by the Group; and
- Fair value of any asset or liability resulting from a contingent consideration arrangement.

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.

Business Combinations – common control transactions

Business combinations involving entities that are controlled by the group are accounted for using the pooling of interest method as follows:

• The asset and liabilities of the combining entities are reflected at their carrying amounts. Adjustments are only made to harmonise accounting policies.

•The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information restated only from that date.

• The balance of the retained earnings appearing in the financial statement of the transferor is aggregated with the corresponding balance appearing in the financial statement of the transferee or is adjusted against general reserve.

• The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.

• The difference, if any, between the accounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of transferor is transferred to capital reserve and is presented separately from other capital reserves.

(e) 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. Goodwill is measured at cost less accumulated impairment losses.

(f) Depreciation and amortization

Depreciation on Property, Plant and Equipment is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

	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.

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 6 years from the day the asset is made available for use.

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

(g) 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 year they occur.

(h) Leases

The Group's lease asset classes primarily consist of leases for land and office premises. The Group assesses whether a contract contains a lease, at inception of a contract. 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 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 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.

(i) Financial instruments

Initial recognition

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.

A. Non-derivative financial instruments

Subsequent measurement

i) 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.

ii) 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.

B. Derivative financial instruments

The Company 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 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.

C. 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 profit or loss.

D. 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.

E. 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 etermines 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.

F. Impairment of Non-financial assets

The carrying amounts of Property, Plant and Equipment and Goodwill are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the 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.

(j) 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.

(i) **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.

(ii) Interest

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

(iii) 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.

(k) 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.

(l) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the respective functional currencies of the entities in the Group, by applying to the foreign currency amount the exchange rate between the functional currency of each individual entity 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 year in which they arise.

Translation of foreign operations

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

The assets and liabilities of a foreign operation are translated into the reporting currency (INR) at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve under other comprehensive income. On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

(m) Retirement and other employee benefits

(i) Provident fund

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

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by Persistent Systems Limited and Persistent Systems Lanka (Private) Limited for their employees covered under Group's 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.

(iii) Superannuation

Superannuation is a defined contribution plan covering eligible employees of the Parent Company. 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.

(iv) 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.

(v) 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.

(n) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with 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 year in which the temporary differences originate.

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

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

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The Group reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

(o) 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.

(p) 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.

(q) 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.

(r) Contingent liabilities

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

(s) Cash and cash equivalents

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

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(t) Employee stock compensation expenses

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).

In accordance with Ind AS 102 – "Share Based Payments", 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.

The expense or credit recognized in the statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense. 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.

(u) 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.

(v) 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 Group's Board of Directors.

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5 Share capital

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 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, 2021		As at March 31, 2020	
	No of shares	Amount ₹	No of shares	Amount ₹
Number of shares at the beginning of the year	76.43	764.25	79.12	791.19
Less: Shares bought back	-	-	2.69	26.94
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 Parent Company declared interim dividend of ₹ 14 per share on January 28, 2021 on the face value of ₹ 10 each; for the Financial Year 2020-21.

The Parent Company declares and pays dividends in Indian rupees. The Finance Act, 2020 in India has repealed Dividend Distribution Tax (DDT). The Companies are now required to pay/ distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates as per Finance Act, 2020.

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.

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, 2021 No in Million	For the period of five years ended March 31, 2020 No in Million
Equity shares allotted on March 12, 2015 as fully paid bonus shares by capitalization of securities premium ₹400 million	-	40.000
Equity shares bought back	3.575	3.575

d) Buyback of Equity Shares of the Parent Company:

The Board of Directors, at its meeting in January 2019, had approved the buyback of the Parent Company's fully paid-up equity shares of the face value of ₹ 10 each from its shareholders/beneficial owners excluding promoters, promoter group and persons who are in control of the Parent Company, via the "open market" route through the stock exchanges, for a total amount not exceeding ₹ 2,250 million ("Maximum Buyback Size"), and at a price not exceeding ₹ 750 per Equity Share ("Maximum Buyback Price").

The buyback was offered to all eligible equity shareholders of the Parent Company (other than the Promoters, the Promoter Group and Persons in Control of the Group) under the open market route through the stock exchanges. The buyback of equity shares through the stock exchange commenced on February 8, 2019 and was completed on June 27, 2019. During this buyback period the Parent Company had purchased and extinguished a total of 3,575,000 equity shares from the stock exchange at an average buy back price of ₹628.93/- per equity share comprising 4.47% of the pre buyback paid-up equity share capital of the Parent Company. The buyback resulted in a cash outflow of ₹2,248.42 million (excluding transaction costs). The Parent Company funded the buyback from utilization of its securities premium and free reserves. The total number of equity shares outstanding post buyback stands at 76,425,000.

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

Name of the shareholder*	As at March 31, 2021		As at March 31, 2020	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.96	30.04	22.96	30.04
Schemes of HDFC Mutual Fund	5.37	7.03	6.53	8.54

* 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.

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 (refer note 45)	-	-	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 (refer note 45)	-	-	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, 2021 ₹ 1,454.60 million (Previous year ₹ 1,454.30 million)
b) Depreciation charge for the year ₹ 59.04 million (Previous year ₹ 59.07 million)
c) Accumulated depreciation as on March 31, 2021 ₹ 558.07 million (Previous year ₹ 499.03 million)
d) Net book value as on March 31, 2021 ₹ 896.53 million (Previous year ₹ 955.27 million)

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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, 2019	220.47	2,447.72	2,441.59	89.63	1,408.24	94.23	679.87	8.44	7,390.19
Additions	-	0.30	294.11	0.40	14.38	-	9.91	-	319.10
Additions through business combination	-	-	5.23	-	0.06	-	-	-	5.29
Disposals	-	-	328.80	0.03	25.10	46.43	7.45	1.20	409.01
Effect of foreign currency translation from functional currency to reporting currency	0.90	4.02	45.64	3.20	1.83	(1.88)	10.79	-	64.50
As at March 31, 2020	**221.37**	**2,452.04**	**2,457.77**	**93.20**	**1,399.41**	**45.92**	**693.12**	**7.24**	**7,370.07**
Accumulated Depreciation									
As at April 1, 2019	-	983.41	2,160.36	70.13	1,166.93	76.58	597.31	4.23	5,058.95
Additions through business combination	-	-	1.69	-	0.06	-	-	-	1.75
Charge for the year	-	98.93	234.72	8.16	59.02	6.62	44.88	1.02	453.35
Disposals	-	-	328.80	0.03	20.78	46.43	7.30	1.20	404.54
Effect of foreign currency translation from functional currency to reporting currency	-	1.24	24.08	2.31	0.97	(1.26)	8.62	-	35.96
As at March 31, 2020	**-**	**1,083.58**	**2,092.05**	**80.57**	**1,206.20**	**35.51**	**643.51**	**4.05**	**5,145.47**
Net block									
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**
As at March 31, 2019	**220.47**	**1,464.31**	**281.23**	**19.50**	**241.31**	**17.65**	**82.56**	**4.21**	**2,331.24**

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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, 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**

(In ₹ Million)

	Leasehold Land	Office premises	Total
Gross block (At cost)			
As at April 1, 2019	-	-	-
Additions (Transitional impact on adoption of Ind AS 116)	37.50	722.51	760.01
Additions during the period	-	77.80	77.80
Disposals	-	9.35	9.35
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	5.79	5.79
As at March 31, 2020	**37.50**	**796.75**	**834.25**
Accumulated Depreciation			
As at April 1, 2019	-	-	-
Charge for the year	0.60	260.73	261.33
Disposals	-	1.12	1.12
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	7.23	7.23
As at March 31, 2020	**0.60**	**266.84**	**267.44**
Net block			
As at March 31, 2020	**36.90**	**529.91**	**566.81**

6.3 Goodwill

(In ₹ Million)

	As at March 31, 2021	As at March 31, 2020
Cost		
Balance at beginning of year	88.94	81.24
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	(3.00)	7.70
Balance at end of year	**85.94**	**88.94**

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6.4 Other Intangible assets

(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 period	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**

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2019	2,575.58	4,208.58	6,784.16
Additions	30.88	97.75	128.63
Additions through business combination	-	527.31	527.31
Effect of foreign currency translation from functional currency to reporting currency	173.11	380.78	553.89
As at March 31, 2020	**2,779.57**	**5,214.42**	**7,993.99**
Accumulated Amortization			
As at April 1, 2019	2,479.52	2,709.23	5,188.75
Charge for the year	80.84	864.10	944.94
Effect of foreign currency translation from functional currency to reporting currency	172.36	253.01	425.37
As at March 31, 2020	**2,732.72**	**3,826.34**	**6,559.06**
Net block			
As at March 31, 2020	**46.85**	**1,388.08**	**1,434.93**
As at March 31, 2019	**96.06**	**1,499.35**	**1,595.41**

6.5 Depreciation and amortization

(In ₹ Million)

	For the year ended	
	March 31, 2021	March 31, 2020
On Property, Plant and Equipment	468.66	453.35
On Right of Use assets	251.46	261.33
On Other Intangible assets	1,035.38	944.94
	1,755.50	**1,659.62**

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7. Non-current financial assets : Investments (refer note 32)

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Investments carried under equity accounting method		
Unquoted Investments		
Investments in equity instruments		
In associates		
Klisma e-Services Private Limited [Holding 50%. (Previous year 50%)]		
0.005 million (Previous year: 0.005 million) shares of ₹10 each, fully paid up	0.05	0.05
Add / (less) : Change in fair value of investment	(0.05)	(0.05)
	-	-
Total investments carried equity accounting method (A)	-	-
Investments carried at amortised cost		
Quoted Investments		
In bonds	2,557.92	2,171.52
[Market value ₹ 2,727.32 million (Previous year ₹ 2,236.81 million)]		
Add: Interest accrued on bonds	72.88	68.69
Total investments carried at amortised cost (B)	**2,630.80**	**2,240.21**
Designated as fair value through profit and loss		
Quoted Investments		
- Investments in mutual funds		
Fair value of long term mutual funds (refer Note 7a)	806.99	2,174.51
	806.99	**2,174.51**
Unquoted Investments		
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	14.73	14.36
Add / (less) : Change in fair value of investment	(14.73)	(14.36)
	-	-
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.	14.62	15.13
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	(14.62)	(15.13)
	-	-
OpsDataStore Inc.	14.62	15.13
0.20 million (Previous year : 0.20 million) Preferred stock of $ 0.001 each, fully paid up		
Add / (less) : Change in fair value of investment	(14.62)	(15.13)
	-	-
Trunomi Inc.	18.28	18.92
0.28 million (Previous year : 0.28 million) Preferred stock of $ 0.0002 each, fully paid up		
Ampool Inc.	18.28	18.92
0.55 million (Previous year : 0.55 million) Preferred stock of $ 0.4583 each, fully paid up		
Add / (less) : Change in fair value of investment	(18.28)	-
	-	**18.92**
Cazena Inc.		
0.59 million Common Stock of $ 0.0001 each (Previous year: 0.59 million Preferred Stock of $ 0.0001 each), fully paid up	146.22	151.33
	164.50	**189.17**

7. Non-current financial assets : Investments (refer note 32) (contd)

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
DxNow	9.14	9.46
169,975 Preferred 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	(9.14)	(9.46)
	-	-
Akumina Inc.	12.98	11.08
400,667 Preference shares of $ 0.443 each (Previous year : 1 convertible note of USD 146,429 each, fully paid up)		
	12.98	**11.08**
- Investments in Convertible Notes		
Ustyme	18.28	18.92
1 (Previous year : 1) convertible note of USD 250,000 each, fully paid up		
Add / (less) : Change in fair value of investment	(18.28)	(18.92)
	-	-
Total Investments carried at Fair Value (C)	**990.47**	**2,380.76**
Total investments (A) + (B) + (C)	**3,621.27**	**4,620.97**
Aggregate amount of impairment in value / change in fair value of investments	89.72	73.05
Aggregate amount of quoted investments	3,437.79	4,414.72
Aggregate amount of unquoted investments	273.20	279.30

* 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 (Quoted)

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Axis Mutual Fund	400.50	898.93
IDFC Mutual Fund	370.31	630.06
Sundaram Mutual Fund	36.18	33.15
ICICI Prudential Mutual Fund	-	141.38
Kotak Mutual Fund	-	105.86
UTI Mutual Fund	-	105.73
Aditya Birla Sun Life Mutual Fund	-	82.65
SBI Mutual Fund	-	71.06
HDFC Mutual Fund	-	35.66
PGIM India Mutual Fund (formerly known as DHFL Pramerica Mutual Fund)	-	35.03
DSP Mutual Fund	-	35.00
	806.99	**2,174.51**

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8. Non-current financial assets : Loans (refer note 32)

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Carried at amortised cost		
Security deposits		
Unsecured, considered good	134.76	176.13
	134.76	**176.13**
Other loans and advances		
Unsecured, considered good	-	-
Unsecured, credit impaired	23.63	0.58
	23.63	**0.58**
Less: Impairment of non-current loans	(23.63)	(0.58)
	-	-
	134.76	**176.13**

9. Other non-current financial assets (refer note 32)

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Non-current bank balances (refer note 15)	24.42	344.55
Add: Interest accrued but not due on non-current bank deposits (refer note 15)	1.34	14.38
Non-current deposits with banks (Carried at amortised cost)	**25.76**	**358.93**
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 47)	(430.98)	(430.98)
	-	-
	25.76	**358.93**

10. Deferred tax asset (net) *

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Deferred tax liabilities		
Differences in book values and tax base values of block of Property, plant and equipment and intangible assets	-	120.96
Capital gains	61.06	76.67
Others	66.47	21.63
	127.53	**219.26**
Deferred tax assets		
Provision for leave encashment	184.65	127.70
Provision for long service awards	117.05	83.27
Provision for expected credit loss	93.49	62.50
Provision for gratuity	-	2.86
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets	63.43	91.81
Brought forward and current year losses	43.77	112.94
Tax credits	435.71	328.80
Difference in Book values and tax base values of ROU asset and Lease liability	31.74	37.29
Stock Option	40.28	-
Others	154.98	332.17
	1,165.10	**1,179.34**
Deferred tax liabilities after set off	-	-
Deferred tax assets after set off	**1,037.57**	**960.08**

* 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, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Capital advances (Unsecured, considered good)	60.54	27.14
Balances with government authorities (refer note 43 (c))	296.55	296.55
Advances recoverable in cash or kind or for value to be received	84.43	7.62
	441.52	**331.31**

12. Current financial assets : Investments (refer note 32)

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 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)	6,374.95	5,164.77
	6,374.95	**5,164.77**
Total carrying amount of investments	**6,374.95**	**5,164.77**
Aggregate amount of quoted investments	**6,374.95**	**5,164.77**
Aggregate amount of unquoted investments	**-**	**-**

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

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Aditya Birla Sun Life Mutual Fund	1,011.03	973.04
HDFC Mutual Fund	963.10	185.88
IDFC Mutual Fund	911.72	640.78
Axis Mutual Fund	824.68	396.02
UTI Mutual Fund	723.19	809.46
ICICI Prudential Mutual Fund	710.33	940.50
L&T Mutual Fund	511.71	734.90
Kotak Mutual Fund	478.21	421.51
SBI Mutual Fund	166.36	-
DSP Mutual Fund	37.38	-
PGIM India Mutual Fund (formerly known as DHFL Pramerica Mutual Fund)	37.24	-
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	-	62.68
	6,374.95	**5,164.77**

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13. Trade receivables (refer note 32)

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Unsecured, considered good	5,708.97	5,921.96
Unsecured, credit impaired	271.64	242.13
	5,980.61	**6,164.09**
Less : Allowance for expected credit loss	(271.64)	(242.13)
	5,708.97	**5,921.96**
	5,708.97	**5,921.96**

14. Cash and cash equivalents (refer note 32)

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Cash and cash equivalents as presented in cash flow statement		
Cash in hand	0.41	0.24
Balances with banks		
On current accounts #	1,583.20	1,566.06
On saving accounts	1.33	0.36
On Exchange Earner's Foreign Currency accounts	208.57	261.86
On deposit accounts with original maturity less than three months	625.79	71.47
	2,419.30	**1,899.99**

Out of the cash and cash equivalent balance as at March 31, 2021, the Group can utilise ₹ 154.39 million (Previous year: ₹ 6.62 million) only towards certain predefined activities specified in the agreement.

15. Other bank balances (refer note 32)

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Deposits with banks*	7,108.47	2,909.58
Add: Interest accrued but not due on deposits with banks	303.99	117.49
Deposits with banks (carried at amortised cost)	**7,412.46**	**3,027.07**
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (refer note 9)	(24.42)	(344.55)
Less: Interest accrued but not due on non-current deposits with banks (refer note 9)	(1.34)	(14.38)
	7,386.70	**2,668.14**
Balances with banks on unpaid dividend accounts**	3.00	4.05
	7,389.70	**2,672.19**

* Out of the balance, fixed deposits of ₹ 675.89 million (Previous year : ₹ 71.10 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 (refer note 32)

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Carried at amortised cost		-
Loan to related parties (Unsecured, credit impaired)		
Unsecured, considered good	-	-
Klisma e-Services Private Limited	27.43	27.43
	27.43	**27.43**
Less: Impairment of current loans	(27.43)	(27.43)
	-	-
Loan to others (Unsecured, considered good)		
LHS Solution Inc.	21.90	-
Interest accrued but not due at amortised cost	1.72	-
Less: Impairment	(23.62)	-
	-	-
Other advances	21.79	-
Security deposits		
Unsecured, considered good	49.47	13.71
	71.26	**13.71**

17. Other current financial assets (refer note 32)

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Fair value of derivatives designated as hedging instruments		
Forward contracts receivable	294.46	-
Advances to related parties (Unsecured, credit impaired)		
Unsecured, credit impaired	0.81	0.81
Less: Impairment of current financial assets	(0.81)	(0.81)
	-	-
Unbilled revenue	2,172.77	2,068.54
	2,467.23	**2,068.54**

18. Other current assets

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Advances to suppliers (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	815.19	931.97
Excess fund balance with Life Insurance Corporation (refer note 31)	113.08	128.54
Other advances (Unsecured, considered good)		
VAT receivable (net)	97.19	31.50
Service tax and GST receivable (net) (refer note 43)	1,058.26	858.51
	1,155.45	**890.01**
	2,083.72	**1,950.52**

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19. Non-current financial liabilities : Borrowings (refer note 32)

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Unsecured Borrowings carried at amortised cost		
Term loans		
Indian rupee loan from others	7.39	11.93
Interest accrued but not due on term loans	0.11	0.18
Foreign currency loan from others	38.73	39.14
	46.23	**51.25**
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (refer note 23)	(1.85)	(4.85)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (refer note 23)	(0.11)	(0.18)
	(1.96)	**(5.03)**
	44.27	**46.22**

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

Loan I - amounting to ₹ 7.39 million (Previous year ₹ 9.24 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 ₹ 38.73 million (Previous year ₹ 39.14). 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 Nil (Previous year ₹ 2.69 million) with interest payable @ 2% per annum has been guaranteed by a bank guarantee by the Group and was repayable in ten equal semi annual installments over a period of five years commencing from September 2016.

20. Lease liabilities (refer note 35)

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Lease liabilities	938.17	662.42
Less: Current portion of lease liabilities	(222.00)	(309.06)
	716.17	**353.36**

Movement of lease liabilities

	For the year ended March 31, 2021 In ₹ Million	For the year ended March 31, 2020 In ₹ Million
Opening balance	662.42	-
Additions (Transitional impact on adoption of Ind AS 116)	-	811.10
Additions	587.19	77.80
Deletions	(43.33)	-
Add: Interest recognised during the year	57.53	61.22
Less: Payments made	(319.11)	(287.70)
Translation differences	(6.53)	-
Closing balance	**938.17**	**662.42**

21. Non current liabilities : Provisions

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Provision for employee benefits		
- Long service awards	240.94	182.79
	240.94	**182.79**

22. Trade payables (refer note 32)

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Trade payables for goods and services [(dues of micro and small enterprises ₹ 30.20 million (Previous year: ₹ 5.15 million)]	2,733.44	2,247.09
	2,733.44	**2,247.09**

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 (refer note 32)

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Capital creditors	237.83	36.24
Current maturity of long-term borrowings (refer note 19)	1.85	4.85
Current maturity of interest on long-term borrowings (refer note 19)	0.11	0.18
Accrued employee liabilities	127.50	421.17
Unpaid dividend*	3.00	4.05
Other liabilities	7.96	7.96
Payable to selling shareholders	11.92	-
Fair value of derivatives designated as hedging instruments		
Forward contracts payable	-	387.89
	390.17	**862.34**

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

24.Other current liabilities

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Unearned revenue	966.07	887.20
Advance from customers	93.67	264.82
Other payables		
- Statutory liabilities	296.20	157.19
- Other liabilities*	159.01	10.92
	1,514.95	**1,320.13**

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

25. Current liabilities : Provisions

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
Provision for employee benefits		
- Gratuity (refer note 31)	37.78	20.41
- Leave encashment	815.28	638.05
- Long service awards	17.19	21.35
- Other employee benefits	1,607.54	931.18
	2,477.79	**1,610.99**

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26. Revenue from operations (net)

	For the year ended	
	March 31, 2021	**March 31, 2020**
	In ₹ Million	**In ₹ Million**
Software services	40,158.83	34,494.34
Software licenses	1,720.05	1,163.74
	41,878.88	**35,658.08**

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 our revenues and cash flows are affected by industry, market and other economic factors.

	For the year ended March 31, 2021 In ₹ Million	**For the year ended March 31, 2020 In ₹ Million**
Revenue by industry segments		
BFSI	12,857.05	10,506.77
Healthcare & Life Sciences	8,104.24	6,719.15
Technology Companies and Emerging Verticals	20,917.59	18,432.16
Total	**41,878.88**	**35,658.08**
Geographical disclosure		
India	3,512.59	2,657.29
North America	33,861.61	28,891.15
Rest of the World	4,504.68	4,109.64
Total	**41,878.88**	**35,658.08**
Customers' Industry wise disclosure		
IP Led	18,986.36	14,148.50
Offshore	15,925.78	14,247.31
Onsite	6,966.74	7,262.27
Total	**41,878.88**	**35,658.08**

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.

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, ₹ 1,991.99 million (Previous Year: ₹ 1,721.62 million) of opening unbilled revenue has been reclassified to trade receivables upon billing to customers on completion of milestones. In addition to that, ₹ 113.49 million (Previous year - Nil) has been reversed in to revenue from operations in current year.

During the year, the Company recognised revenue of ₹ 799.81 million (Previous Year: ₹ 822.73 million) arising from opening unearned revenue.

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 ₹ 923.81 million (Previous Year: ₹ 1,016.80 million).

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27. Other income

	For the year ended	
	March 31, 2021 In ₹ Million	**March 31, 2020 In ₹ Million**
Interest income		
On deposits carried at amortised cost	388.77	389.59
On Others	169.93	155.69
Foreign exchange gain (net)	33.81	364.35
Profit on sale of Property, Plant and Equipment (net)	1.34	-
Dividend income from investments	-	13.98
Profit on sale of investments (net)	478.13	164.81
Net gain/(loss) arising on financial assets designated as FVTPL	(131.39)	119.02
Excess provision in respect of earlier years written back	41.79	6.95
Miscellaneous income	95.34	109.38
	1,077.72	**1,323.77**

28. Personnel expenses

	For the year ended	
	March 31, 2021 In ₹ Million	**March 31, 2020 In ₹ Million**
28.1 Employee benefits expense		
Salaries, wages and bonus	22,852.56	19,594.62
Contribution to provident and other funds (refer note 31)	1,528.58	1,199.20
Staff welfare and benefits	486.41	525.79
Share based payments to employees (refer note 37)	290.44	236.79
	25,157.99	**21,556.40**
28.2 Cost of professionals	5,563.68	3,918.94
	30,721.67	**25,475.34**

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29. Other expenses

	For the year ended	
	March 31, 2021	**March 31, 2020**
	In ₹ Million	**In ₹ Million**
Travelling and conveyance	173.62	936.86
Electricity expenses (net)	82.58	114.94
Internet link expenses	70.86	73.30
Communication expenses	102.18	105.72
Recruitment expenses	135.10	128.80
Training and seminars	57.36	34.63
Royalty expenses	94.83	76.82
Purchase of software licenses	1,855.62	1,724.51
Bad debts	90.30	-
Provision for expected credit loss (net)	31.32	83.86
Rent (refer note 35)	140.89	135.25
Insurance	40.01	34.49
Rates and taxes	87.86	88.07
Legal and professional fees	514.81	517.13
Repairs and maintenance		
- Plant and Machinery	113.88	123.04
- Buildings	21.63	24.10
- Others	18.69	21.60
Selling and marketing expenses	10.43	7.85
Advertisement, conference and sponsorship fees	140.01	191.01
Computer consumables	5.54	7.01
Auditors' remuneration (refer note 39)	21.73	18.89
Donations	204.05	86.35
Books, memberships, subscriptions	20.66	38.05
Loss on sale of Property, Plant and Equipment	-	5.96
Directors' sitting fees	4.84	6.58
Directors' commission	10.22	14.85
Provision for doubtful deposits and advances (refer note 47)	-	248.48
Impairment of loan	23.96	-
Impairment of non current investments	18.53	-
Miscellaneous expenses	235.55	412.00
	4,327.06	**5,260.15**

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30. Earnings per share

		For the year ended	
		March 31, 2021	**March 31, 2020**
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ₹ Million)	(A)	4,506.77	3,402.89
Denominator for Basic EPS			
Weighted average number of equity shares	(B)	76,425,000	76,684,672
Denominator for Diluted EPS			
Number of equity shares	(C)	76,425,000	76,684,672
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	**58.97**	**44.38**
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	**58.97**	**44.38**

	For the year ended	
	March 31, 2021	**March 31, 2020**
Number of shares considered as basic weighted average shares outstanding	76,425,000	76,684,672
Add: Effect of dilutive issues of stock options	-	-
Number of shares considered as weighted average shares and potential shares outstanding	**76,425,000**	**76,684,672**

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31. Gratuity plan:

Persistent Systems Limited and Persistent Systems Lanka (Private) Limited have defined benefit gratuity plans. Each employee in the 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, 2021	**March 31, 2020**
Current service cost	170.19	194.91
Interest cost on benefit obligation	58.49	70.65
Expected return on plan assets	(70.85)	(68.89)
Curtailment of benefits*	-	(272.59)
Other	(29.52)	(3.50)
Net benefit expense	**128.31**	**(79.42)**
Net actuarial (gain) / loss recognized in the year	(17.68)	36.67

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, 2021	**March 31, 2020**
Opening fair value of plan assets	985.61	831.31
Expected return	70.85	68.89
Adjustment to expected return	(10.85)	(8.88)
Contribution by employer	117.99	184.25
Benefits paid	(112.81)	(89.96)
Closing fair value of plan assets	**1,050.79**	**985.61**

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, 2021	**March 31, 2020**
Opening defined benefit obligation	877.48	942.85
Interest cost	58.49	70.65
Current service cost	170.19	194.91
Benefits paid	(112.81)	(95.37)
Curtailments*	-	(272.59)
Actuarial losses on obligation	(17.68)	36.67
Exchange difference	(0.18)	0.36
Closing defined benefit obligation	**975.49**	**877.48**

Benefit asset / (liability)

In ₹ Million

	As at	
	March 31, 2021	**March 31, 2020**
Fair value of plan assets	1,050.79	985.61
Less: Defined benefit obligations	(937.71)	(857.07)
Plan asset / (liability) for Persistent Systems Limited	**113.08**	**128.54**
Gratuity liability for Persistent Systems Lanka (Private) Limited	**(37.78)**	**(20.41)**

The principal assumptions used in determining gratuity for the Group's plans are shown below:

Persistent Systems Limited

	As at	
	March 31, 2021	March 31, 2020
Discount rate	6.70%	6.77%
Mortality	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Attrition rate	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%	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	5.50%	5.50%

The major categories of plan assets as a percentage of the fair value of total plan assets:

	As at	
	March 31, 2021	March 31, 2020
Investments with insurer including accrued interest	100%	100%

Persistent Systems Lanka (Private) Limited

	As at	
	March 31, 2021	March 31, 2020
Discount rate	8.55%	10.17%
Increment rate	6.00%	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.

As at March 31, 2021, every percentage point increase / decrease in discount rate will change the gratuity benefit obligation to approximately ₹ 84.95 million / ₹ 111.54 million (previous year: ₹ 97.26 million / ₹ 115.94 million) respectively.

As at March 31, 2021, every percentage point increase / decrease in rate of increase in compensation levels will change the gratuity benefit obligation to approximately ₹ 103.17 million / ₹ 91.74 million (previous year: ₹ 108.86 million / ₹ 87.88 million) respectively.

Amounts for the current and previous year are as follows:

In ₹ Million

	As at	
	March 31, 2021	March 31, 2020
Plan assets	1,050.79	985.61
Defined benefit obligation	(937.71)	(857.07)
Plan asset for Persistent Systems Limited	113.08	128.54
Gratuity liability for Persistent Systems Lanka (Private) Limited	(37.78)	(20.41)

Maturity Profile of defined benefit obligations:

(In ₹ Million)

	As at	
	March 31, 2021	March 31, 2020
Within 1 year	36.45	46.27
1-2 years	32.19	43.40
2-3 years	33.66	36.71
3-4 years	36.11	32.76
4-5 years	36.29	35.57
5-10 years	222.48	181.58

Superannuation Fund

The Group contributed ₹ 43.55 million and ₹ 41.12 million to superannuation fund during the years ended March 31, 2021 and March 31, 2020 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 INR 484.36 million (Previous year - INR 404.90 million).

*During the previous year, the gratuity scheme had an element in its structure which caps the basic salary beyond a certain amount. Giving effect to that in valuation of benefit obligation had resulted into curtailment of benefits to the extent of INR 272.59 million which was reflected in the report.

32. Financial assets and liabilities

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

(In ₹ million)

Financial assets/ financial liabilities	Basis of measurement	As at March 31, 2021		As at March 31, 2020		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	
Assets:						
Investments in associates (net)	Equity accounting	-	-	-	-	
Investments in equity instruments, preferred stock and convertible notes	Fair value	183.48	183.48	206.25	206.25	Level 3
Investments in bonds*	Amortised cost	2,630.80	2,727.32	2,240.21	2,236.81	
Investments in mutual funds	Fair value	7,181.94	7,181.94	7,339.28	7,339.28	Level 1
Loans	Amortised cost	206.02	206.02	189.84	189.84	
Deposit with banks and financial institutions (net)	Amortised cost	7,412.46	7,412.46	3,027.07	3,027.07	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	2,422.30	2,422.30	1,904.04	1,904.04	
Trade receivables (net)	Amortised cost	5,708.97	5,708.97	5,921.96	5,921.96	
Unbilled revenue	Amortised cost	2,172.77	2,172.77	2,068.54	2,068.54	
Forward contracts receivables	Fair value	294.46	294.46	-	-	Level 2
Total		**28,213.20**	**28,309.72**	**22,897.19**	**22,893.79**	
Liabilities:						
Borrowings (including accrued interest)	Amortised cost	46.23	46.23	51.25	51.25	
Lease liabilities	Amortised cost	938.17	938.17	662.42	662.42	
Trade payables	Amortised cost	2,733.44	2,733.44	2,247.09	2,247.09	
Other financial liabilities (excluding borrowings)	Amortised cost	388.21	388.21	469.42	469.42	
Forward contracts payable	Fair value	-	-	387.89	387.89	Level 2
Total		**4,106.05**	**4,106.05**	**3,818.07**	**3,818.07**	

* Fair value includes interest accrued.

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.

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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 of 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

The following table analyses unhedged foreign currency risk from financial instruments as of March 31, 2020:

In ₹ Million

	USD	EUR	GBP	Other currencies	Total
Trade receivables	63.56	105.93	123.40	79.11	372.00
Cash and cash equivalents and bank balances	373.54	29.52	11.45	30.47	444.98
Other financial assets	-	0.14	8.67	1.80	10.61
Trade and other payables	21.48	8.78	34.91	10.00	75.17

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Foreign currency sensitivity analysis

For the year ended March 31, 2021 and March 31, 2020, 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 0.02% and 0.22% 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, 2021			As at March 31, 2020		
	Foreign currency (million)	**Average rate**	**₹ (million)**	**Foreign currency (million)**	**Average rate**	**₹ (million)**
Derivatives designated as cash flow hedges						
Forward contracts						
USD	135.00	77.11	10,410.34	125.00	74.03	9,253.21

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, 2021			As at March 31, 2020		
	Foreign currency (million)	**Average rate**	**₹ (million)**	**Foreign currency (million)**	**Average rate**	**₹ (million)**
Not later than 3 months	31.00	78.48	2,432.98	30.00	72.74	2,182.07
Later than 3 months and not later than 6 months	34.50	77.08	2,659.11	32.00	73.70	2,358.34
Later than 6 months and not later than 9 months	34.50	76.63	2,643.64	30.00	74.16	2,224.70
Later than 9 months and not later than 12 months	35.00	76.42	2,674.61	33.00	75.40	2,488.10
Total	**135.00**		**10,410.34**	**125.00**		**9,253.21**

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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 ₹ 5,980.61 million and ₹6,164.09 million as at March 31, 2021 and March 31, 2020, 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:

	As at	
	March 31, 2021	March 31, 2020
Receivables overdue for more than 90 days (₹ million)*	966.82	409.44
Total receivables (gross) (₹ million)	5,980.61	6,164.09
Overdue for more than 90 days as a % of total receivables	16.2%	6.6%

* Out of this amount, ₹ 271.64 million (March 31, 2020: ₹ 242.13 million) have been provided for.

Ageing of trade receivables

In ₹ Million

	As at	
	March 31, 2021	March 31, 2020
Within the credit period	3,815.33	4,196.46
1 to 30 days past due	897.30	1070.08
31 to 60 days past due	211.23	234.12
61 to 90 days past due	89.93	253.99
91 to 120 days past due	17.24	89.41
121 and above past due	949.58	320.03
Less: Expected credit loss	(271.64)	(242.13)
Net trade receivables	**5,708.97**	**5,921.96**

Movement in expected credit loss allowance

In ₹ Million

	As at	
	March 31, 2021	March 31, 2020
Opening balance	242.13	134.54
Movement in expected credit loss allowance	31.32	83.86
Translation differences	(1.81)	23.73
Closing balance	**271.64**	**242.13**

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.

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Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group has no outstanding bank borrowings. 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. Accordingly, no liquidity risk is perceived.

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.

As at March 31, 2020, the Group had a working capital of ₹ 13,373.84 million including cash and cash equivalents and current fixed deposits of ₹ 4,465.02 million and current investments of ₹ 5,164.77 million.

The table below provides details regarding the contractual maturities of significant financial liabilities:

In ₹ Million

	As at			
	March 31, 2021		March 31, 2020	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Borrowings (including accrued interest)	1.96	44.27	5.03	46.22
Trade payables and deferred payment liabilities	2,733.44	-	2,247.09	-
Lease Liabilities	222.00	716.17	309.06	353.36
Other financial liabilities (excluding borrowings)	388.21	-	857.31	-

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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, 2021	As at March 31, 2020
Forward contracts to sell USD: Hedging of expected receivables of USD 135 Million (Previous year USD 125 Million)	10,410.34	9,253.21

(ii) Details of un-hedged foreign currency exposures at the end of the year:

	March 31, 2021			March 31, 2020		
	In ₹ million	Foreign currency (In million)	Conversion rate (₹)	In ₹ million	Foreign currency (In million)	Conversion rate (₹)
Bank balances	1.33	JPY 2.02	0.66	0.34	JPY 0.49	0.70
	339.71	USD 4.65	73.11	373.54	USD 4.93	75.66
	13.05	GBP 0.13	100.69	11.45	GBP 0.12	93.49
	8.81	CAD 0.15	58.02	6.10	CAD 0.11	53.06
	28.10	EUR 0.33	85.78	29.52	EUR 0.35	82.76
	2.41	AUD 0.04	55.67	6.19	AUD 0.13	46.07
	2.77	ZAR 0.56	4.94	17.84	ZAR 4.20	4.25
Trade and other payables	135.06	USD 1.85	73.11	21.48	USD 0.28	75.66
	35.74	GBP 0.35	100.69	34.91	GBP 0.37	93.49
	14.66	EUR 0.17	85.78	8.78	EUR 0.11	82.76
	0.08	SGD 0.002	54.40	0.32	SGD 0.01	53.03
	0.15	ZAR 0.03	4.94	0.63	ZAR 0.15	4.25
	0.81	CAD 0.01	58.02	8.53	CAD 0.16	53..06
	0.03	AUD 0.001	55.67	0.42	AUD 0.01	46.07
	0.43	JPY 0.65	0.66	-	-	-
	-	-	-	0.10	CHF 0.001	78.28
Advances given and deposits placed	3.97	AUD 0.07	55.67	0.36	AUD 0.01	46.07
	7.58	GBP 0.08	100.69	8.67	GBP 0.10	93.49
	0.26	EUR 0.003	85.78	0.14	EUR 0.001	82.76
	1.46	CAD 0.03	58.02	1.40	CAD 0.03	53.06
	0.04	JPY 0.07	0.66	0.04	JPY 0.06	0.70
	0.29	USD 0.004	73.11	-	-	-
	0.01	MYR 0.0004	17.65	-	-	-
Trade receivables	121.75	EUR 1.42	85.78	105.93	EUR 1.28	82.76
	187.63	USD 2.56	73.11	63.56	USD 0.84	75.66
	291.84	GBP 2.90	100.69	123.40	GBP 1.32	93.49
	40.66	CAD 0.70	58.02	-	-	-
	52.27	AUD 0.94	55.67	41.00	AUD 0.89	46.07
	5.04	CHF 0.06	77.46			
	29.74	ZAR 6.02	4.94	29.47	ZAR 6.93	4.25
	2.71	SGD 0.05	54.40	8.49	SGD 0.16	53.03
	-	-	-	0.15	BRL 0.01	14.61

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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, 2021	March 31, 2020
	In ₹ Million	In ₹ Million
Profit before tax	6,094.43	4,523.42
Enacted tax rate in India	25.17%	25.17%
Computed tax expense at enacted tax rate	1,533.85	1,138.45
Effect of exempt income	(90.04)	(69.30)
Effect of non-deductible expenses	40.25	42.06
Effect of concessions (R&D allowance)	(144.67)	(127.18)
Effect of concessions (Tax holidays)	(9.69)	(12.37)
Effect of unused tax losses not recognised as deferred tax assets	1.70	78.54
Effect of previously unrecognised deferred tax assets now recognised	(8.54)	(58.40)
Effect of different tax rates of subsidiaries operating in other jurisdictions	7.65	(4.11)
Effect of different tax rates for different heads of income	(2.06)	(31.80)
Effect of change in tax rates in India	-	24.76
Short Tax Provision of earlier years (net)	11.28	52.55
Reversal of Deferred tax asset created in earlier years	73.38	-
Others	174.55	87.33
Income tax expense	**1,587.66**	**1,120.53**

Note:

In previous year, The Parent Company has decided to opt for the new tax regime announced by the Government of India and avail the benefit of Section 115BAA of the Income Tax Act. This provides for the concessional tax rate of 22% plus applicable surcharge and cess (totaling to 25.17%) from April 1, 2019, without claiming the following major tax exemptions / incentives which were availed till earlier financial year.

(i) Tax holiday under section 10AA of the Income Tax Act available for units set up under the Special Economic Zone Act, 2005 (SEZ units).

(ii) Weighted Deduction under section 35 (2AB) of the Income Tax Act on the expenditure on scientific research carried out in in-house research and development facility as approved by the prescribed authority under Income Tax Act.

The Income Tax expense and deferred tax expense for the year ended March 31, 2021 include the effect of the net benefit of section 115BAA opted for by the Parent Company from April 1,2019.

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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.

Considering the focus on industry verticals, the Group has decided to reorganize its operating segments from April 1, 2020. The figures for the corresponding periods / year have been appropriately reclassified in line with the current period's classification.
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, 2021	12,857.05	8,104.24	20,917.59	41,878.88
	Year ended	March 31, 2020	10,506.77	6,719.15	18,432.16	35,658.08
Identifiable expense						
	Year ended	March 31, 2021	8,038.67	4,121.77	14,468.19	26,628.63
	Year ended	March 31, 2020	6,908.62	3,818.97	12,013.97	22,741.56
Segmental result						
	Year ended	March 31, 2021	4,818.38	3,982.47	6,449.40	15,250.25
	Year ended	March 31, 2020	3,598.15	2,900.18	6,418.19	12,916.52
Unallocable expenses						
	Year ended	March 31, 2021				10,233.54
	Year ended	March 31, 2020				9,716.87
Operating income						
	Year ended	March 31, 2021				5,016.71
	Year ended	March 31, 2020				3,199.65
Other income (net of expenses)						
	Year ended	March 31, 2021				1,077.72
	Year ended	March 31, 2020				1,323.77
Profit before taxes						
	Year ended	March 31, 2021				6,094.43
	Year ended	March 31, 2020				4,523.42
Tax expense						
	Year ended	March 31, 2021				1,587.66
	Year ended	March 31, 2020				1,120.53
Profit after tax						
	Year ended	March 31, 2021				4,506.77
	Year ended	March 31, 2020				3,402.89

(In ₹ Million)

Particulars			BFSI	Healthcare & Life Sciences	Technology Companies and Emerging Verticals	Total
Segmental trade receivables (net)						
	As at	March 31, 2021	1,355.88	1,363.40	2,989.69	5,708.97
	As at	March 31, 2020	1,818.41	1,340.70	2,762.85	5,921.96
Segmental Unbilled revenue						
	As at	March 31, 2021	594.57	162.29	1,415.91	2,172.77
	As at	March 31, 2020	409.33	273.90	1,385.31	2,068.54
Unallocated assets						
	As at	March 31, 2021	-	-	-	28,773.50
	As at	March 31, 2020	-	-	-	22,931.19
Unallocated liabilities						
	As at	March 31, 2021	-	-	-	36,655.24
	As at	March 31, 2020	-	-	-	30,921.69

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, 2021	3,512.59	33,861.61	4,504.68	41,878.88
	Year ended	March 31, 2020	2,657.29	28,891.15	4,109.64	35,658.08

The revenue from individual customers in excess of ten percent of total revenue of the Group is ₹ 12,146.55 Million for the year ended March 31, 2021 (Previous year : ₹ 11,623.30 million).

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35 Leases

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
- Less than one year	222.00	309.06
- One to five years	623.21	436.94
- More than five years	164.13	68.11

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 ₹ 140.89 million for the year ended March 31, 2021 (Previous year ₹135.25 million).

The Group has has recognized interest on lease liability of ₹ 57.53 million under finance costs (Previous year ₹ 61.22 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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36 Related Party Disclosures

(i) Names of related parties and related party relationship

Related parties with whom transactions have taken place	
Associates	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 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. Steven Ward, Director, Youperience Limited Mr. Kolitha Ratwatte, Director, Persistent Systems (Lanka) Private Limited 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. Vaudeva Anumukonda, Director, Capiot Software Inc Mr. Ashish Kapoor, Director, Capiot Software PTE Ltd Mr. Mohan Shankar, Director, Capiot Software Pty Ltd, Australia
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)
Members of Promoter Group	Rama Purushottam Foundation
Entities over which a key management personnel have significant influence	Deazzle Services Private Limited Azure Associates, LLC Persistent Foundation

36. (ii) Related party transactions

(In ₹ Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2021	March 31, 2020
Sale of software services	**Entity over which a key management personnel has significant influence**		
	Deazzle Services Private Limited	-	7.47
	Total	**-**	**7.47**
Legal and professional fees	**Entity over which a key management personnel has significant influence**		
	Azure Associates, LLC	-	12.38
	Total	**-**	**12.38**
Donation given	**Entity over which a key management personnel has significant influence**		
	Persistent Foundation	140.00	79.21
		140.00	**79.21**
Remuneration #	**Key Management Personnel**		
(Salaries, bonus and contribution to	Dr. Anand Deshpande	26.26	23.88
other funds)	Mr. Christopher O'Connor	158.50	58.35
	Mr. Sunil Sapre (including value of perquisites for stock options exercised ₹ 31.72 million during the year 2020-21 (Previous year: Nil)	46.42	13.31
	Mr. Amit Atre	3.40	3.38
	Sudhir Kulkarni	-	10.77
	Mr. Sandeep Kalra (including value of perquisites for stock options exercised ₹ 45.84 million during the year 2020-21 (Previous year: Nil)	110.53	43.64
	Mr. Azlin Ghazali	10.33	9.66
	Ms. Audrey Reutens	5.38	5.12
	Mr. Arnaud Pierrel	14.66	13.01
	Mr. Bruno Orsier	11.36	10.26
	Mr. Thomas Klein	44.87	35.47
	Mr. Steffen Drilich	17.89	6.87
	Mr. Steven Ward	22.94	6.08
	Mr. Simon Nicholas Lloyd Jenkins	22.57	6.08
	Mr. Silvio Galfetti	3.09	35.01
	Mr. Daniel Seiler	29.33	25.16
	Mr. Kolitha Ratwatte	6.88	6.59
	Mr. Hitesh Salla, Director	2.46	-
	Mr. Ashish Kapoor	2.46	-
	Mr. Vasudeva Anumukonda	6.37	-
	Mr. Mohan Shankar	3.09	-
	Mr. Sameer Bendre (including value of perquisites for stock options exercised ₹ 0.19 million ^	11.07	
	Independent directors:		
	Ms. Roshini Bakshi	2.09	2.48
	Mr. Pradeep Bhargava	2.26	3.13
	Mr. Sanjay Bhattacharyya	-	0.78
	Dr. Anant Jhingran	1.83	2.23
	Mr. Thomas Kendra	1.69	2.33
	Mr. Prakash Telang	0.74	3.00
	Mr. Kiran Umrootkar	0.74	3.05
	Mr. Guy Eiferman	2.08	2.28
	Dr. Deepak Phatak	1.81	2.40
	Relatives of Key Management Personnel		
	Mrs. Chitra Buzruk $	-	2.10
	Dr. Mukund Deshpande (including value of perquisites for stock options exercised ₹ 2.87 million during the year (₹ 9.80 million during the year 2019-20) $	2.87	14.20
	Total	**575.97**	**350.62**
Dividend paid	**Key Management Personnel**		
	Dr. Anand Deshpande	319.90	342.71
	Mr. Sunil Sapre	0.06	0.07
	Mr Sandeep Kalra	0.56	-
	Independent directors:		
	Pradeep Bhargava	0.18	0.20
	Sanjay Bhattacharyya	-	0.04
	Prakash Telang	-	0.27
	Kiran Umrootkar	-	0.09
	Roshini Bakshi	0.07	-
	Relatives of Key Management Personnel		
	Mr. Suresh Deshpande	0.07	0.08
	Mrs. Chitra Buzruk	6.57	7.04
	Dr. Mukund Deshpande	5.60	5.65
	Mrs. Sonali Anand Deshpande	1.57	1.68
	Mrs. Sulabha Suresh Deshpande	0.64	2.49
	Rama Purushottam Foundation	-	4.92
	Mr. Arul Deshpande	0.14	-
	Total	**335.36**	**365.24**

(iii) Outstanding balances

	Name of the related party and nature of relationship	As at	
		March 31, 2021	**March 31, 2020**
Advances given	**Associate**		
	Klisma e-Services Private Limited @	0.81	0.81
	Total	**0.81**	**0.81**
Investments	**Associate**		
	Klisma e-Services Private Limited @	0.05	0.05
	Total	**0.05**	**0.05**
Loans given	**Associate**		
	Klisma e-Services Private Limited @	27.43	27.43
	Total	**27.43**	**27.43**

$ 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

^ Mr. Sameer Bendre was appointed as Director in Capiot Software Private Limited during financial year 2020-21 and hence his remuneration is disclosed for the current financial year only.

The key managerial personnel though appointed during the year, their remuneration for the financials year ended March 31, 2021 and March 31, 2020 has been disclosed for the entire financial year.

@These balances are fully provided for.

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37 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	December 11, 1999	December 11, 1999	*
Scheme II	753,200	April 23, 2004	April 23, 2004	10 Years
Scheme III	2,533,300	April 23, 2004	April 23, 2004	*
Scheme IV	6,958,250	April 23, 2006	April 23, 2006	10 Years
Scheme V	1,890,525	April 23, 2006	April 23, 2006	*
Scheme VI	1,216,250	October 31, 2006	October 31, 2006	10 Years
Scheme VII	1,784,975	April 30, 2007	April 30, 2007	10 Years
Scheme VIII	42,000	July 24, 2007	July 24, 2007	3 Years
Scheme IX	1,374,462	June 29, 2009	June 29, 2009	10 Years
Scheme X	3,062,272	June 10, 2010	October 29, 2010	2-3 Years
Scheme XI **	1,357,000	July 26, 2014	November 3, 2014	1 Year
Scheme XII ***	67,300	February 4, 2016	April 8, 2016	2.5 Months
Scheme XIII	2,922,500	July 27, 2017	August 1, 2019	4 Years
Scheme XIV	80,000	July 27, 2017	May 1, 2019	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 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, XIII and XIV:

Service period from the date of grant	% of Options vesting			
	Scheme I to V & X	Scheme VII	Scheme VIII & XIII	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%	100.00%
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
2-3 years varying from employee to employee	Based on credit points earned

(v) Scheme XII

Service period from the date of grant	% of Options vesting
1 year	100%

b) Details of activity of the ESOP schemes

Movement for the year ended March 31, 2021 and March 31, 2020:

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 Option	31-Mar-21	17	-	4	-	13	13
	Weighted Average Price	31-Mar-21	4.42	-	4.58	-	4.37	4.37
	Number of Option	31-Mar-20	18	-	-	1	17	17
	Weighted Average Price	31-Mar-20	4.42	-	-	5.05	4.42	4.42
Scheme II	Number of Option	31-Mar-21	-	-	-	-	-	-
	Weighted Average Price	31-Mar-21	-	-	-	-	-	-
	Number of Option	31-Mar-20	3	-	3	-	-	-
	Weighted Average Price	31-Mar-20	24.18	-	24.18	-	-	-
Scheme III	Number of Option	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 Option	31-Mar-20	158,625	-	-	10,790	147,835	147,835
	Weighted Average Price	31-Mar-20	31.89	-	-	31.20	31.94	31.94
Scheme IV	Number of Option	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 Option	31-Mar-20	499,773	-	-	93,425	406,348	406,348
	Weighted Average Price	31-Mar-20	52.37	-	-	48.66	53.07	53.07
Scheme V	Number of Option	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 Option	31-Mar-20	62,793	-	-	2,461	60,332	60,332
	Weighted Average Price	31-Mar-20	27.37	-	-	22.23	27.58	27.58
Scheme VI	Number of Option	31-Mar-21	-	-	-	-	-	-
	Weighted Average Price	31-Mar-21	-	-	-	-	-	-
	Number of Option	31-Mar-20	-	-	-	-	-	-
	Weighted Average Price	31-Mar-20	-	-	-	-	-	-
Scheme VII	Number of Option	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 Option	31-Mar-20	34,996	-	-	28,035	6,961	6,961
	Weighted Average Price	31-Mar-20	33.55	-	-	27.44	58.18	58.18
Scheme VIII	Number of Option	31-Mar-21	-	-	-	-	-	-
	Weighted Average Price	31-Mar-21	-	-	-	-	-	-
	Number of Option	31-Mar-20	-	-	-	-	-	-
	Weighted Average Price	31-Mar-20	-	-	-	-	-	-
Scheme IX	Number of Option	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 Option	31-Mar-20	142,120	-	-	6,200	135,920	135,920
	Weighted Average Price	31-Mar-20	54.74	-	-	54.74	54.74	54.74
Scheme X	Number of Option	31-Mar-21	125,062	-	92,955	32,107	-	-
	Weighted Average Price	31-Mar-21	188.75	-	183.38	204.30	-	-
	Number of Option	31-Mar-20	155,650	-	-	30,588	125,062	125,062
	Weighted Average Price	31-Mar-20	206.73	-	-	221.47	188.75	188.75
Scheme XI	Number of Option	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 Option	31-Mar-20	-	570,000	-	-	570,000	-
	Weighted Average Price	31-Mar-20	-	10.00	-	-	10.00	-
Scheme XII	Number of Option	31-Mar-21	-	-	-	-	-	-
	Weighted Average Price	31-Mar-21	-	-	-	-	-	-
	Number of Option	31-Mar-20	-	-	-	-	-	-
	Weighted Average Price	31-Mar-20	-	-	-	-	-	-
Scheme XIII	Number of Option	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 Option	31-Mar-20	-	975,000	55,000	-	920,000	-
	Weighted Average Price	31-Mar-20	-	451.13	442.47	-	451.65	-
Scheme XIV	Number of Option	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 Option	31-Mar-20	-	80,000	-	-	80,000	-
	Weighted Average Price	31-Mar-20	-	540.82	-	-	540.82	-
Total	Number of Option	31-Mar-21	2,452,475	2,142,500	432,959	391,382	3,870,634	753,119
	Number of Option	31-Mar-20	1,053,978	1,625,000	55,003	171,500	2,452,475	882,475

The weighted average share price for the period over which stock options were exercised was ₹ 1,131.43 (previous year ₹ 623.69).

c) Details of exercise price for stock options outstanding at the end of the year

Scheme	Range of exercise price	As at March 31, 2021		As at March 31, 2020	
		No. of Options outstanding*	Weighted average remaining	No. of Options outstanding	Weighted average remaining
Scheme I	2.04 – 9.57	13	Note (i)	17	Note (i)
Scheme II	12.96 – 48.21	-	-	-	-
Scheme III	12.96 – 48.21	127,362	Note (i)	147,835	Note (i)
Scheme IV	22.23 – 61.12	326,298	2.02	406,348	3.02
Scheme V	22.23 – 44.14	51,691	Note (i)	60,332	Note (i)
Scheme VI	22.23 – 30.67	-	-	-	-
Scheme VII	24.17 – 61.12	3,341	2.73	6,961	3.52
Scheme VIII	48.21 – 48.21	-	-	-	-
Scheme IX	54.74 – 54.74	129,704	.2.24	135,920	3.24
Scheme X	157.58 – 279.70	-	-	125,062	5.55
Scheme XI	10.00	446,000	2.25	570,000	2.30
Scheme XII	10.00	-	-	-	-
Scheme XIII	442.47 – 1295.62	2,746,225	5.59	920,000	4.36
Scheme XIV	540.82 – 540.82	40,000	3.08	80,000	4.08

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, 2021 amounted to ₹ 290.44 million (Previous year ₹ 236.79 million). The liability for employee stock options outstanding as at March 31, 2021 is ₹ 470.70 million (Previous year ₹ 290.51 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 2020-21:

Particulars	As at March 31, 2021			As at March 31, 2020		
	RSU Scheme XI	ESOP Scheme XIII	ESOP Scheme IV	RSU Scheme XI	ESOP Scheme XIII	ESOP Scheme IV
Weighted average share price (Rs.)	948.4	1182.97	-	637.32	620.86	636.25
Weighted Exercise Price (Rs.)	10	1008	-	10	451.13	540.82
Weighted Average Fair Value (Rs.)	838.75	424.39	-	446.15	202.78	171.45
Expected Volatility	31.7	29.09	-	26.54	26.54	26.54
Life of the options granted (Vesting and exercise period)	4 yrs	4 yrs	-	4 yrs	5 yrs	5 yrs
Dividend Yield	2.00%	2.00%	-	2.00%	2.00%	2.00%
Average risk-free interest rate	5.56%	5.49%	-	6.80%	6.24%	7.10%

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38 Capital and other commitments

	As at	
	March 31, 2021 In ₹ Million	March 31, 2020 In ₹ Million
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	223.81	143.37
Other commitments		
Forward contracts	10,410.34	9,253.21

39 Auditors' remuneration

	For the year ended	
	March 31, 2021	March 31, 2020
As auditor:		
- Audit fee	10.45	9.73
In other capacity:		
- Other services	11.08	8.93
Reimbursement of expenses	0.20	0.23
	21.73	**18.89**

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, 2021 In ₹ Million	March 31, 2020 In ₹ Million
Capital	-	1.04
Revenue	641.42	778.89
	641.42	**779.93**

41 The Parent Company was required to spend an amount of ₹ 94.49 million during the financial year 2020-21 (Previous year ₹ 85.05 million) on Corporate Social Responsibility in accordance with section 135(5) of the Companies Act, 2013. The Parent Company has spent ₹ 150.00 million during the financial year 2020-21 (Previous year ₹ 86.11 million) on purposes other than construction / acquisition of any asset.

42 Net dividend remitted in foreign exchange

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, 2021	March 31, 2020
Interim dividend	2020-21	4	0.37	0.06	-
Final dividend	2018-19	3	0.37	-	0.02
Interim dividend	2019-20	3	0.37	-	0.05

43 Contingent liabilities

(a) Persistent Systems Limited (“the Parent Company”) had received a show cause notice from Commissioner of Service Tax on December 19, 2016 for non-payment of service tax of ₹ 452.15 million under import of services on reverse charge basis, excluding interest and penalty if applicable. The issue relates to the professional and technical services rendered by overseas subsidiaries on behalf of the Parent Company to its overseas customers for the period 2011-12 to 2014-15.

Post representations made by the Parent Company, the Learned Principal Commissioner of Service Tax, Pune, adjudicated the aforesaid show-cause notice and issued an order on May 29, 2017, reducing the demand to ₹ 173.78 million based on the period of limitation and as a result of that, the said demand now covers 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 Group, based on independent legal opinion obtained in respect of issues related to this matter, believes that the liability is not likely to arise and therefore, no provision is considered necessary in the financial statements. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Group will be eligible to claim credit/refund for the amount paid.

The GST department has filed an appeal on October 11, 2017 with appellate authorities against the Order passed by Learned Principal Commissioner of Service Tax, Pune. Though the GST department has acknowledged the ground of revenue neutrality, the said appeal mainly questions non-application of extended period of limitation. The Parent Company has filed reply to this appeal on December 18, 2017.

Considering the view of the Service Tax Authorities, based on legal advice and due prudence, the Parent Company has deposited, an amount of ₹ 647.36 million towards service tax in respect of the above matter, for the period from April 01, 2014 to June 30, 2017, under protest. This balance, post adjustment of service tax liability of ₹17.76 million for the month of June 2017 (i.e. net amount of ₹ 629.60 million) was considered as transitional credit under GST Regime and recorded accordingly as GST receivable. The disputed demand currently stands at ₹ 173.78 million towards which ₹ 165.58 million was paid under protest and forms part of the aforementioned GST receivable balance.

(b) As on March 31, 2021, the pending litigations in respect of direct taxes amount to ₹ 478.70 million and in respect of indirect taxes amount to ₹ 27.33 million (excluding the show cause received from Commissioner of Service Tax on May 29, 2017 of ₹ 173.78 million under import of services on reverse charge basis as mentioned above). Based on the advice obtained and judgments in favour of the Parent Company at the first appellate authority in the earlier years, management does not expect any outflow in respect of these litigations.

(c) 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 filed an application with Directorate General of Foreign Trade (DGFT). The Parent Company has also represented with industrial association, The National Association of Software and Service Companies (NASSCOM), to ensure continued applicability of such incentives to the eligible information technology companies. The Parent Company understands from NASSCOM that they have also taken up the matter with concerned authorities. During the year, the Parent Company has received a Show Cause Notice from the Directorate Of Revenue Intelligence (DRI), in which the DRI has raised certain additional matters with applicable penalties which relates to eligibility of Parent company to seek the incentives. During the quarter the Parent Company has submitted a reply to the notice. 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 likely be upheld on ultimate resolution and accordingly, no provision is necessary to be made against such claims in these financial statements.

(d) Persistent Systems Limited has given a performance guarantee upto $ 10 million to HSBC Bank USA in respect of payment obligations under the Receivables Purchase agreement entered into by Persistent Systems, Inc. with HSBC Bank, USA (Previous year: $10 million). Persistent Systems Limited has also given performance guarantee upto $ 5 million to Citibank USA (Previous year: $ 5 million) in respect of working capital facilities for Persistent Systems, Inc. and $ 0.17 million to Sun Life Assurance Company of Canada for timely payment of rent instalments and damages, in respect of office rented to Persistent Systems, Inc.

(e) Persistent Systems, Inc., has given commercial guarantee of 30 million Euros (Previous year: 30 Million euros) to Tech Data Europe GmbH on behalf of Persistent Systems France S.A.S. For the said guarantee, Persistent Systems, Inc. has charged guarantee fees of 0.25% of the guarantee amount.

(f) Persistent Systems, Inc., subsidiary of Persistent Systems Limited, has also given a performance guarantee of upto $ 3 million to United States Cellular Corporation (USCC) Services & its affiliates towards trade payable of Aepona Limited.

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44 Customer Contract

On May 12, 2020, the Company had entered into an agreement with a customer to acquire a business division together with skilled employees and had also entered into a contract with the same customer for a period of five years. The Company has paid INR 136.10 million and assumed employee benefit liabilities of INR 42.66 million in consideration for contractual rights for service contracts aggregating to INR 178.76 million.

Subsequently effective January 1, 2021, the Customer entered into a definitive contract to sell its business to a third party and has consequently entered into amendment to the agreement with the Company. Based on the agreement and amendments thereto, the Company has re-evaluated the arrangement and has made necessary adjustments to the carrying amounts of transactions and balances in these financial statements from the effective date.

45 Business Combination

Entities acquisition ("CAPIOT Group") :
The Group acquired 100% share capital of CAPIOT Software Private Limited, a company based in India, with effect from October 29, 2020 and 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, with effect from November 7, 2020. The acquisition of the said business is accounted for using the acquisition method of accounting. Further, the Company is in process to complete exercise of purchase price allocation pending fair valuation of assets and liabilities assumed as at the reporting date. As a result, the Company has exercised the option of using the exemption 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.

a) The amount of consideration paid/payable is ₹ 448.47 million.
The fair value of assets acquired and liabilities assumed as on the date of acquisition are as follows:

(In ₹ Million)

Particulars	CAPIOT Software Private Limited	CAPIOT Software Inc.	Total
Current Assets			
Cash and & cash equivalents	20.00	10.90	30.90
Trade receivables	48.52	22.10	70.62
Other current assets	127.10	64.36	191.46
Non-current assets			
Property, Plant and Equipment	6.26	0.74	7.00
Deferred tax asset	0.11	-	0.11
Contractual rights	344.91	18.25	363.16
Current liabilities			
Trade and other payables	105.21	25.28	130.49
Borrowings	34.38	49.91	84.29
Net assets	**407.31**	**41.16**	**448.47**

b) Net cash outflow on acquisition of subsidiaries

Particulars	Amount in ₹ million
Consideration paid/ payable in cash	448.47
Less: cash and cash equivalent balances acquired	(30.90)
	417.57

c) Revenue of ₹ 143.97 million for the period ended March 31, 2021 is included in the financial statements. The profit included for the period ended March 31, 2021 is ₹ 68.46 million.

Had the business combination been effected on April 1, 2020, the revenue for the year ended March 31, 2021 for the Company from the continuing operations would have been ₹ 42,132.37 million and the net profit for the year ended March 31, 2021 would have been ₹ 4,495.47 million.

46 The code on Social security, 2020 relating to employee benefits has been approved by the Parliament and has also been published in Official Gazette of India. However, the date on which it comes into effect has not been notified and the rules are yet to be framed. The Group will complete its evaluation and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules 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 Ministry of Corporate Affairs (MCA), vide its notification dated March 24, 2021, amended Schedule III of the Companies Act, 2013 with effect from April 1, 2021. Management is of the view that since the changes are applicable from April 1, 2021, those are applicable for the financial year commencing from April 1, 2021 and are applicable to Financial statements issued in respect of accounting years commencing on or after April 1st, 2021. Therefore, related disclosures are not considered in these financial statements for the year ended on March 31, 2021, although issued after April 1, 2021.

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: 2021.04.29 23:17:08 +05'30'

Shashi Tadwalkar

Partner
Membership No. :- 101797

Place: Pune
Date : April 29, 2021

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

Anand Deshpande

Sandeep Kalra
Sandeep Kalra (Apr 29, 2021 10:26 EDT)

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Place: Pune
Date : April 29, 2021

Sandeep Kalra
Executive Director and Chief Executive Officer
DIN: 02506494

Place: New Jersey, USA
Date : April 29, 2021

Praveen Kadle
Independent Director
DIN: 00016814

Place: Mumbai
Date : April 29, 2021

Sunil Sapre
Sunil Sapre (Apr 29, 2021 19:45 GMT+5.5)

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date : April 29, 2021

Amit Atre
Amit Atre (Apr 29, 2021 19:02 GMT+5.5)

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date : April 29, 2021