Walker Chandiok & Co LLP
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West Wing, Nyati Unitree
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Pune - 411006
Maharashtra, India
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Independent Auditor's Report

To the Members of Persistent Systems Limited

Report on the Audit of the Condensed Interim Standalone Financial Statements

Opinion

1. We have audited the accompanying condensed interim standalone financial statements of **Persistent Systems Limited** ('the Company'), which comprise the condensed interim Balance Sheet as at **31 December 2021**, the condensed interim Statement of Profit and Loss (including Other Comprehensive Income) for the quarter and nine months ended 31 December 2021, the condensed interim Cash Flow Statement and the condensed interim Statement of Changes in Equity for the nine months ended 31 December 2021, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed interim standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India in accordance with Indian Accounting Standard, 34 , Interim Financial Reporting (Ind As 34) specified under section 133 of the Act, of the state of affairs of the Company as at 31 December 2021, and its profit (including other comprehensive income) for the quarter and nine months ended 31 December 2021, its cash flows and the changes in equity for the nine months 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 Condensed Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

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

8. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

SHASHI TADWALKAR
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Date: 2022.01.20 23:34:14 +05'30'

Shashi Tadwalkar
Partner
Membership No:101797

UDIN:22101797AAAAAJ1237

Place: Pune
Date: 20 January 2022

Persistent Systems Limited

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2021

	Notes	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
ASSETS				
Non-current assets				
Property, plant and equipment	5.1	2,513.17	2,115.34	2,270.24
Capital work-in-progress		6.61	18.24	112.33
Right of use assets	5.2	534.00	320.86	314.62
Goodwill	5.3	21.74	-	-
Other intangible assets	5.4	263.76	162.72	171.65
Intangible assets under development		-	2.73	-
		3,339.28	2,619.89	2,868.84
Financial assets				
- Investments	6	8,587.85	7,976.29	7,779.54
- Loans	7	3,516.07	143.79	52.23
- Other non current financial assets	8	80.40	44.79	25.76
Deferred tax assets (net)	9	281.22	259.82	245.74
Other non-current assets	10	1,452.81	324.33	419.73
		17,257.63	**11,368.91**	**11,391.84**
Current assets				
Financial assets				
- Investments	11	6,223.61	5,629.40	6,374.95
- Trade receivables (net)	12	4,188.32	2,844.01	2,966.26
- Cash and cash equivalents	13	895.85	573.91	862.72
- Other bank balances	14	6,266.08	7,327.31	7,387.00
- Loans	15	0.10	0.10	49.33
- Other current financial assets	16	2,669.83	2,070.84	2,063.79
Other current assets	17	1,071.47	1,377.94	1,656.93
		21,315.26	**19,823.51**	**21,360.98**
TOTAL		**38,572.89**	**31,192.42**	**32,752.82**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	764.25	764.25	764.25
Other equity		31,864.33	26,446.35	26,890.99
		32,628.58	**27,210.60**	**27,655.24**
LIABILITIES				
Non- current liabilities				
Financial liabilities				
- Lease liabilities	20	495.04	305.89	304.72
- Borrowings	18	3.69	5.54	5.54
- Other financial liabilities	22	21.76	-	-
Provisions	19	251.70	240.67	240.94
		772.19	**552.10**	**551.20**
Current liabilities				
Financial liabilities				
- Lease liabilities	20	120.42	82.04	73.82
- Trade payables [(dues of micro and small enterprises ₹ 26.59 million (Corresponding period: ₹ 11.76 million/ Previous year: ₹ 30.20 million)]	21	804.93	836.66	938.40
- Other financial liabilities	22	253.87	134.57	397.42
Other current liabilities	23	2,084.78	1,126.99	1,679.01
Provisions	24	1,694.00	1,077.67	1,145.59
Current tax liabilities (net)		214.12	171.79	312.14
		5,172.12	**3,429.72**	**4,546.38**
TOTAL		**38,572.89**	**31,192.42**	**32,752.82**
Summary of significant accounting policies	3			

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

As per our report of even date

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

SHASHI TADWALKAR
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Date: 2022.01.20 23:34:44 +05'30'

Shashi Tadwalkar
Partner

Membership No.: 101797

Place: Pune
Date : January 20, 2022

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

Anand Deshpande

Sandeep Kalra
Sandeep Kalra (Jan 20, 2022 09:41 EST)

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune Date : January 20, 2022	Place: New Jersey, USA Date : January 20, 2022	Place: Mumbai Date : January 20, 2022

Sunil Sapre
Sunil Sapre (Jan 20, 2022 20:07 GMT+5.5)

Amit Atre
Amit Atre (Jan 20, 2022 19:03 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Mumbai Date : January 20, 2022	Place: Pune Date : January 20, 2022

, (Jan 20, 2022 19:01 GMT+5.5)

Persistent Systems Limited

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2021

	Notes	For the quarter ended		For the nine months ended		For the year ended
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	March 31, 2021
		In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Income						
Revenue from operations (net)	25	9,286.51	6,426.34	25,404.70	17,949.50	24,796.08
Other income	26	307.33	325.43	933.66	826.41	1,176.16
Total income (A)		**9,593.84**	**6,751.77**	**26,338.36**	**18,775.91**	**25,972.24**
Expenses						
Employee benefits expense	27.1	5,770.02	3,699.64	15,321.38	10,021.99	14,093.21
Cost of professionals	27.2	368.66	448.82	1,178.58	1,310.28	1,775.07
Finance costs (refer note 34)		15.85	8.41	51.54	27.00	38.21
Depreciation and amortization expense	5.5	218.73	140.40	579.23	411.27	566.79
Other expenses	28	979.08	845.03	2,677.36	2,226.13	2,818.76
Total expenses (B)		**7,352.34**	**5,142.30**	**19,808.09**	**13,996.67**	**19,292.04**
Profit before tax (A - B)		**2,241.50**	**1,609.47**	**6,530.27**	**4,779.24**	**6,680.20**
Tax expense						
Current tax		584.76	375.82	1,640.81	1,215.82	1,684.00
Tax charge in respect of earlier periods / years		-	-	-	2.74	2.74
Deferred tax credit		(72.17)	(25.38)	(24.35)	(89.46)	(57.40)
Total tax expense		**512.59**	**350.44**	**1,616.46**	**1,129.10**	**1,629.34**
Net profit for the period / year (C)		**1,728.91**	**1,259.03**	**4,913.81**	**3,650.14**	**5,050.86**
Other comprehensive income						
Items that will not be reclassified to profit and loss (D)						
- Remeasurements of the defined benefit liabilities / asset (net of tax)		5.16	(32.89)	(92.61)	(8.63)	15.93
		5.16	**(32.89)**	**(92.61)**	**(8.63)**	**15.93**
Items that may be reclassified to profit and loss (E)						
- Effective portion of cash flow hedge (net of tax)		39.91	96.00	(33.09)	436.99	383.55
		39.91	**96.00**	**(33.09)**	**436.99**	**383.55**
Total other comprehensive income for the period / year (D) + (E)		**45.07**	**63.11**	**(125.70)**	**428.36**	**399.48**
Total comprehensive income for the period / year (C) + (D) + (E)		**1,773.98**	**1,322.14**	**4,788.11**	**4,078.50**	**5,450.34**
Earnings per equity share						
[Nominal value of share ₹10 (Corresponding period/ previous year: ₹10)]	29					
Basic (In ₹)		22.62	16.47	64.30	47.76	66.09
Diluted (In ₹)		22.62	16.47	64.30	47.76	66.09
Summary of significant accounting policies	3					

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

As per our report of even date

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

SHASHI TADWALKAR
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Date: 2022.01.20 23:35:01 +05'30'

Shashi Tadwalkar
Partner

Membership No.: 101797

Place: Pune
Date : January 20, 2022

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

Anand Deshpande

Sandeep Kalra
Sandeep Kalra (Jan 20, 2022 09:41 EST)

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721
Place: Pune
Date : January 20, 2022

Sandeep Kalra
Executive Director and Chief Executive Officer
DIN: 02506494
Place: New Jersey, USA
Date : January 20, 2022

Praveen Kadle
Independent Director
DIN: 00016814
Place: Mumbai
Date : January 20, 2022

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Sunil Sapre (Jan 20, 2022 20:07 GMT+5.5)

Amit Atre
Amit Atre (Jan 20, 2022 19:03 GMT+5.5)

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949
Place: Mumbai
Date : January 20, 2022

Amit Atre
Company Secretary
Membership No. A20507
Place: Pune
Date : January 20, 2022

Persistent Systems Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR NINE MONTHS ENDED DECEMBER 31, 2021

		For the nine months ended		For the year ended
		December 31, 2021 In ₹ Million	December 31, 2020 In ₹ Million	March 31, 2021 In ₹ Million
Cash flows from operating activities				
Profit before tax		**6,530.27**	**4,779.24**	**6,680.20**
Adjustments for:				
Interest income		(416.73)	(396.30)	(548.82)
Finance cost		51.54	27.00	38.21
Dividend income		-	(131.45)	(131.45)
Depreciation and amortization expense		579.23	411.27	566.79
Unrealised exchange loss (net)		51.45	137.03	151.02
Exchange loss / (gain) on derivative contracts		62.44	(93.97)	(169.80)
Exchange loss / (gain) on translation of foreign currency cash and cash equivalents		1.25	18.98	23.15
Bad debts		-	43.37	46.96
Change in provision for expected credit loss (net)		(0.76)	(4.67)	(20.20)
Employee stock compensation expenses		499.32	156.98	236.33
Remeasurements of the defined benefit liabilities / asset (before tax effects)		(60.55)	(8.63)	15.93
Profit on sale/ fair valuation of financial assets designated as FVTPL		(280.37)	(286.14)	(344.43)
(Profit) / loss on sale of Property, Plant and Equipment (net)		(5.08)	(6.63)	8.10
Operating profit before working capital changes		**7,012.01**	**4,646.08**	**6,551.99**
Movements in working capital :				
(Increase) / Decrease in non-current and current loans		(20.76)	19.97	37.02
Increase in other non current assets		(3.44)	(11.46)	(78.73)
(Increase) / Decrease in other current financial assets		(568.23)	384.48	363.88
Decrease/ (Increase) in other current assets		585.46	107.43	(171.56)
Increase in trade receivables		(1,268.93)	(122.77)	(312.65)
Increase in trade payables, current liabilities and non current liabilities		618.51	174.93	1,059.46
Increase in provisions		559.17	545.17	613.36
Operating profit after working capital changes		**6,913.79**	**5,743.83**	**8,062.77**
Direct taxes paid (net of refunds)		(1,770.89)	(1,166.98)	(1,494.81)
Net cash generated from operating activities	**(A)**	**5,142.90**	**4,576.85**	**6,567.96**
Cash flows from investing activities				
Payment towards capital expenditure (including intangible assets, capital advances and capital creditors)		(2,291.19)	(512.56)	(707.24)
Proceeds from sale of Property, Plant and Equipment		5.54	38.89	4.13
Investment in wholly owned subsidiaries		(570.25)	(376.61)	(376.61)
Loan to ESOP trust		(3,364.00)	-	-
Purchase of bonds		(562.62)	(583.88)	(712.18)
Proceeds from sale of bonds		499.95	172.84	350.53
Investments in mutual funds		(26,295.15)	(17,967.72)	(24,591.91)
Proceeds from sale / maturity of mutual funds		26,673.89	18,999.10	25,068.92
Maturity / (Investments) in bank deposits having original maturity over three months		924.70	(4,463.44)	(4,464.82)
Inter corporate deposits refunded		-	(35.38)	-
Interest received		508.64	232.04	359.89
Dividend received		-	131.45	131.45
Net cash used in investing activities	**(B)**	**(4,470.49)**	**(4,365.27)**	**(4,937.84)**
Cash flows from financing activities				
Repayment of long term borrowings		(1.85)	(3.18)	(4.54)
Specific project related grant received		-	9.00	9.00
Payment of lease liabilities		(126.02)	(128.81)	(173.11)
Dividend paid		(458.55)	(1.21)	(1,069.95)
Interest paid		(51.61)	(27.12)	(38.28)
Net cash used in financing activities	**(C)**	**(638.03)**	**(151.32)**	**(1,276.88)**

Persistent Systems Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR NINE MONTHS ENDED DECEMBER 31, 2021

	For nine months ended		For the year ended
	December 31, 2021	**December 31, 2020**	**March 31, 2021**
	In ₹ Million	**In ₹ Million**	**In ₹ Million**
Net increase in cash and cash equivalents (A + B + C)	34.38	60.26	353.24
Cash and cash equivalents at the beginning of the year	862.72	532.63	532.63
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(1.25)	(18.98)	(23.15)
Cash and cash equivalents at the end of the period/ year	**895.85**	**573.91**	**862.72**
Components of cash and cash equivalents			
Cash on hand (refer note 13)	0.09	0.05	0.10
Balances with banks			
On current accounts # (refer note 13)	487.39	188.17	360.22
On saving accounts (refer note 13)	0.01	10.27	1.33
On deposit account with maturity of less than three months (Refer note 13)	-	97.50	292.50
On exchange earner's foreign currency accounts (refer note 13)	408.36	277.92	208.57
Cash and cash equivalents	**895.85**	**573.91**	**862.72**

Of the cash and cash equivalent balance as at December 31, 2021, the Company can utilise ₹ 98.57 million (Corresponding period: ₹ 0.25 million/ Previous year: ₹ 154.39 million) only towards certain predefined activities specified in the agreement.

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

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

SHASHI TADWALKAR Digitally signed by SHASHI TADWALKAR Date: 2022.01.20 23:35:19 +05'30'

Shashi Tadwalkar
Partner

Membership No.: 101797

Place: Pune
Date : January 20, 2022

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

Anand Deshpande

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721
Place: Pune
Date : January 20, 2022

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Executive Director and Chief Executive Officer
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DIN: 06475949
Place: Mumbai
Date : January 20, 2022

Amit Atre
Amit Atre (Jan 20, 2022 19:03 GMT+5.5)

Amit Atre
Company Secretary
Membership No. A20507
Place: Pune
Date : January 20, 2022

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS ENDED DECEMBER 31, 2021

A. Equity share capital

(Refer note 4)

(In ₹ Million)

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

(In ₹ Million)

Balance as at April 1, 2020	Changes in equity share capital during the period	Balance as at December 31, 2020
764.25	-	764.25

(In ₹ Million)

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

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Persistent Systems Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS ENDED DECEMBER 31, 2021

B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus						Items of other comprehensive income	Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Capital redemption reserve	Special economic zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2021	-	14,356.35	471.20	35.75	-	11,888.23	139.46	26,890.99
Net profit for the period	-	-	-	-	-	4,913.81	-	4,913.81
Other comprehensive income for the period	-	-	-	-	-	(92.61)	(33.09)	(125.70)
Dividend	-	-	-	-	-	(458.55)	-	(458.55)
Employee stock compensation expenses	-	-	499.32	-	-	-	-	499.32
Employee stock compensation expenses of subsidiaries	-	-	144.46	-	-	-	-	144.46
Balance as at December 31, 2021	**-**	**14,356.35**	**1,114.98**	**35.75**	**-**	**16,250.88**	**106.37**	**31,864.33**

(In ₹ Million)

Particulars	Reserves and surplus						Items of other comprehensive income	Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Capital redemption reserve	Special economic zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2020	-	12,227.23	290.51	35.75	49.95	9,861.78	(244.09)	22,221.13
Net profit for the period	-	-	-	-	-	3,650.14	-	3,650.14
Other comprehensive income for the period	-	-	-	-	-	(8.63)	436.99	428.36
Employee stock compensation expenses	-	-	156.98	-	-	-	-	156.98
Employee stock compensation expenses of subsidiaries	-	-	85.20	-	-	-	-	85.20
Adjustments towards employees stock options	-	-	(95.46)	-	-	-	-	(95.46)
Balance as at December 31, 2020	**-**	**12,227.23**	**437.23**	**35.75**	**49.95**	**13,503.29**	**192.90**	**26,446.35**

(In ₹ Million)

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

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

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

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.01.20 23:35:42 +05'30'

Shashi Tadwalkar
Partner

Membership No.: 101797

Place: Pune
Date : January 20, 2022

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

Anand Deshpande

Sandeep Kalra
Sandeep Kalra (Jan 20, 2022 09:41 EST)

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 : January 20, 2022	Date : January 20, 2022	Date : January 20, 2022

Sunil Sapre
Sunil Sapre (Jan 20, 2022 20:07 GMT+5.5)

Amit Atre
Amit Atre (Jan 20, 2022 19:03 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 : January 20, 2022	Date : January 20, 2022

Nature and purpose of reserves

a) Securities premium

Securities premium is used to record the premium on issue of shares. The securities premium 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/loss for the year and the amounts from Share options outstanding reserve to the extent they relate to exercise / expiry of employee share options. It is a free reserve in terms of section 2 (43) of the Companies Act, 2013.

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 on which such amount is transferred to General reserve.

d) Capital redemption reserve

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

e) Special economic zone re-investment reserve

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

f) Cash flow hedge reserve

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

Notes forming part of Condensed Interim Financial Statements

1. Nature of operations

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

2. Basis of preparation

The condensed interim financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments and equity settled employee stock options which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services. The accounting policies are consistently applied by the Company during the period and are consistent with those used in previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. These condensed interim financial statements are prepared in accordance with Indian Accounting Standard (Ind AS) 34, Interim Financial Reporting, 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 Company's 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 Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

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

3. Summary of significant accounting policies

(a) Use of estimates

A. The preparation of the condensed interim 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 condensed interim 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 condensed interim financial statements have been disclosed appropriately. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the condensed interim financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the condensed interim financial statements.

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

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

(i) Expected credit loss:

The Company has considered the current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company 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 relating to 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 Company believes that the probability of occurrence of its forecasted transactions are not likely to be impacted by COVID – 19. Hence, the Company continues to believe that there is no foreseeable impact on 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 Company continues to re-evaluate the probable revenues from customers in various verticals to assess any possible impact on revenue from any of these verticals due to the economic stress caused by COVID – 19. Accordingly, the Company believes that the customers could re-prioritise their discretionary spend in the 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 Company 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 Company’s contracts with customers include promises to transfer multiple products and services to a customer. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgment.

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

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

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

ii. Income taxes

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

iii. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of depreciation is derived after determining an estimate of an asset’s expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

iv. Provisions

Provisions are determined based on the best estimate 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.

v. Leases

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

(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 Company. All other expenses on existing Property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from disposal of Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

(c) Intangible assets

Intangible assets including software licenses of enduring nature and acquired contractual rights are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate:
- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the asset;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Such development expenditure, until capitalization, is reflected as intangible assets under development.

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization of internally generated intangible asset begins when the development is complete and the asset is available for use.

(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 acquisition cost is measured as the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree at fair value.

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

Acquisition-related costs are expensed as incurred.

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

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

(e) Goodwill/ Gain on bargain purchase

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

(f) Depreciation and amortization

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

The management estimates the useful lives for the Property, plant and equipment as follows:

Assets	Useful lives
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 technical evaluation, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets.

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

Intangible assets are amortized on a straight-line basis over their estimated useful lives ranging from 2 to 6 years from the day the asset is made available for use.

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

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

(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 period / year they occur.

(h) Leases

The Company's lease asset classes primarily consist of leases for land and office premises. The Company 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 Company assesses whether:

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

Where the Company is a lessee

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

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

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

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

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

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

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

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

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

Company as a lessor

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

(i) Financial instruments

Initial recognition and measurement

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

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 amortized 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 Company documents the hedging relationship between the hedging instrument and hedged item including whether the changes in cash flows of the hedging instruments are expected to offset the changes in cash flows of the hedged items. The Company documents its objective and strategy for undertaking its hedging transactions.

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

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

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

Amounts accumulated in equity are reclassified to the statement of profit and 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 the statement of profit and loss, except in case of equity instruments classified as FVOCI, where such cumulative gain or loss is not recycled to the 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 the statement of profit and 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 determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

F. Impairment of non-financial assets

The carrying amounts of Property, plant and equipment are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Company estimates the asset's recoverable amount unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The recoverable amount is the greater of the asset's fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(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.

In cases where company acts as an agent, the revenue is recognised in form of a commission on delivery of the software licenses.

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

(k) Government grants

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

(l) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

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

Conversion

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

Exchange differences

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

Translation of foreign operations

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

(m) Retirement and other employee benefits

(i) Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the 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 period / year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

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

(iii) Superannuation

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

(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 Company's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

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

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

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

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

(o) Segment reporting

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

(p) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period / year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / 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 period / year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period / year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the condensed interim financial statements by the Board of Directors.

(q) Provisions

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

(r) Contingent liabilities

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

(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.

(t) Employee stock compensation expenses

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

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 Company'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 period / year represents the movement in cumulative expense recognized as at the beginning and end of that period / 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 Company's Board of Directors

(w) Recent pronouncements

On June 18, 2021, MCA through a notification has notified Companies (Indian Accounting Standards) Amendment Rules, 2021. The notification has made amendments to various Ind AS. Some of the key amendments are:

Ind AS 116 – COVID-19-related rent concessions

The economic challenges presented by the COVID-19 pandemic have persisted longer than anticipated, and therefore the practical expedient relating to rent concessions arising as a consequence of COVID-19 has been modified. Accordingly, lessees are now exempted from assessing whether a COVID-19-related rent concession is a lease modification, if the reduction in lease payments affects only payments originally due on or before June 30, 2022. Earlier the practical expedient was allowed only for lease payments originally due on or before June 30, 2021. A lessee should apply the amendments for annual reporting periods beginning on or after April 1, 2021. The Company does not expect any impact on its financial statements due to this amendment.

Interest rate benchmark reform – Phase 2

This amendment relates to 'Interest Rate Benchmark Reform — Phase 2 (Amendments to Ind AS 104, Ind AS 107, Ind AS 109 and Ind AS 116)' which addresses issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. Some of the key amendments arising from the interest rate benchmark are:

Ind AS 109: New guidance has been included on changes in the basis for determining the contractual cashflows as a result of interest rate benchmark reform. An entity should apply the amendments for annual reporting periods beginning on or after April 1, 2021.

Ind AS 107: Additional disclosures related to nature and extent of risks to which the entity is exposed from financial instruments subject to interest rate benchmark reform and how the entity manages these risks. An entity should apply the amendments when it applies amendments to Ind AS 109, Ind AS 104 or Ind AS 116. The Company does not expect the amendments to have any significant impact in its financial statements.

Amendments to Ind AS consequential to Conceptual Framework under Ind AS

The amendments relating to Ind AS 102, Share-based Payment; Ind AS 103, Business Combinations; Ind AS 1, Presentation of Financial Statements; Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors; Ind AS 34, Interim Financial Reporting; Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets; Ind AS 38, Intangible Assets, are consequential due to changes in the Conceptual Framework under Ind AS, made in August 2020. The revised Conceptual Framework introduced some new concepts and clarifications The amendments relating to Ind AS 102, Share-based Payment; Ind AS 103, Business Combinations; Ind AS 1, Presentation of Financial Statements; Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors; Ind AS 34, Interim Financial Reporting; Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets; Ind AS 38, Intangible Assets, are consequential due to changes in the Conceptual Framework under Ind AS, made in August 2020. The revised Conceptual Framework introduced some new concepts and clarifications along with revision in definitions and changes in recognition criteria of assets and liabilities under Ind AS. The Company does not expect the consequential amendments to have any significant impact in its financial statements.

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4. Equity share capital

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Authorized shares (No. in million)			
200 (Corresponding period/ Previous year:200) equity shares of ₹10 each	2,000.00	2,000.00	2,000.00
	2,000.00	**2,000.00**	**2,000.00**
Issued, subscribed and fully paid-up shares (No. in million)			
76.43 (Corresponding period/ Previous year: 76.43) equity shares of ₹10 each	764.25	764.25	764.25
Issued, subscribed and fully paid-up share capital	**764.25**	**764.25**	**764.25**

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

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

(In Million)

	As at December 31, 2021		As at December 31, 2020		As at March 31, 2021	
	No of Shares	Amount ₹	No of Shares	Amount ₹	No of Shares	Amount ₹
Number of shares at the beginning of the period/ year	76.43	764.25	76.43	764.25	76.425	764.25
Less: Changes during the period/ Year	-	-	-	-	-	-
Number of shares at the end of the period/ year	**76.43**	**764.25**	**76.43**	**764.25**	**76.425**	**764.25**

b) Terms / rights attached to equity shares

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

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

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

	For the period of five years ended December 31, 2021 No in Million	For the period of five years ended December 31, 2020 No in Million	For the period of five years ended March 31, 2021 No in Million
Equity shares bought back	3.575	3.575	3.575

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

Name of the shareholder*	As at December 31, 2021		As at December 31, 2020		As at March 31, 2021	
	No. in million	% Holding	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.97	30.05	22.96	30.04	22.96	30.04
Schemes of HDFC Mutual Fund	3.83	5.02	6.03	7.88	5.37	7.03

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

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5.1 Property, plant and equipment

(In ₹ Million)

	Freehold land	Buildings*	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (at cost)									
As at April 1, 2021	206.92	2,387.73	2,331.29	57.84	1,407.04	20.79	527.32	7.24	6,946.17
Additions	-	1.34	564.44	3.44	63.55	-	42.05	-	674.82
Acquisition through business combination (Refer note 33)	-	-	1.70	0.08	0.19	-	-	-	1.97
Disposals	-	-	4.22	-	69.08	-	4.96	-	78.26
As at December 31, 2021	**206.92**	**2,389.07**	**2,893.21**	**61.36**	**1,401.70**	**20.79**	**564.41**	**7.24**	**7,544.70**
Accumulated depreciation									
As at April 1, 2021	-	1,157.49	1,732.90	51.75	1,215.65	20.19	492.97	4.98	4,675.93
Charge for the period	-	72.60	300.52	2.09	37.25	0.58	19.66	0.70	433.40
Disposals	-	-	3.91	-	68.93	-	4.96	-	77.80
As at December 31, 2021	**-**	**1,230.09**	**2,029.51**	**53.84**	**1,183.97**	**20.77**	**507.67**	**5.68**	**5,031.53**
Net block									
As at December 31, 2021	**206.92**	**1,158.98**	**863.70**	**7.52**	**217.73**	**0.02**	**56.74**	**1.56**	**2,513.17**
As at March 31, 2021	**206.92**	**1,230.24**	**598.39**	**6.09**	**191.39**	**0.60**	**34.35**	**2.26**	**2,270.24**

* Note: Building includes those constructed on leasehold land:

a) Gross block as on December 31, 2021 ₹ 1,455.94 million (Corresponding period ₹ 1,454.50 Million / Previous year ₹ 1,454.60 million)

b) Depreciation charge for the year ₹ 44.50 million (Corresponding period ₹ 44.47 million / Previous year ₹ 59.04 million)

c) Accumulated depreciation as on December 31, 2021 ₹ 602.57 million (Corresponding period ₹ 543.49 million/ Previous year ₹ 558.07 million)

d) Net block value as on December 31, 2021 ₹ 853.37 million (Corresponding period ₹ 911.01 million /Previous year ₹ 896.53 million)

5.2 Right of use assets

(In ₹ Million)

	Office premises	Leasehold land	Total
Gross block (at cost)			
As at April 1, 2021	443.17	37.50	480.67
Additions	311.55	-	311.55
Disposals	110.28	-	110.28
As at December 31, 2021	**644.44**	**37.50**	**681.94**
Accumulated depreciation			
As at April 1, 2021	164.87	1.18	166.05
Charge for the period	91.73	0.44	92.17
Disposals	110.28	-	110.28
As at December 31, 2021	**146.32**	**1.62**	**147.94**
Net block			
As at December 31, 2021	**498.12**	**35.88**	**534.00**
As at March 31, 2021	**278.30**	**36.32**	**314.62**

5.1 Property, plant and equipment

(In ₹ Million)

	Freehold land	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (at cost)									
As at April 1, 2020	206.92	2,387.06	1,851.34	53.58	1,377.38	21.12	521.31	7.24	6,425.95
Additions	-	0.57	292.32	5.94	32.21	-	32.51	-	363.55
Disposals	-	-	38.45	-	20.42	0.33	0.87	-	60.07
As at December 31, 2020	**206.92**	**2,387.63**	**2,105.21**	**59.52**	**1,389.17**	**20.79**	**552.95**	**7.24**	**6,729.43**
Accumulated depreciation									
As at April 1, 2020	-	1,061.11	1,548.74	50.93	1,190.54	19.32	502.49	4.05	4,377.18
Charge for the period	-	72.61	157.50	2.17	38.32	0.92	12.53	0.70	284.75
Disposals	-	-	26.51	-	20.32	0.25	0.76	-	47.84
As at December 31, 2020	**-**	**1,133.72**	**1,679.73**	**53.10**	**1,208.54**	**19.99**	**514.26**	**4.75**	**4,614.09**
Net block									
As at December 31, 2020	**206.92**	**1,253.91**	**425.48**	**6.42**	**180.63**	**0.80**	**38.69**	**2.49**	**2,115.34**
As at March 31, 2020	**206.92**	**1,325.95**	**302.60**	**2.65**	**186.84**	**1.80**	**18.82**	**3.19**	**2,048.77**

5.2 Right of use assets

(In ₹ Million)

	Office premises	Leasehold land	Total
Gross block (at cost)			
As at April 1, 2020	358.91	37.50	396.41
Additions	156.55	-	156.55
Disposals	55.04	-	55.04
As at December 31, 2020	**460.42**	**37.50**	**497.92**
Accumulated depreciation			
As at April 1, 2020	126.41	0.60	127.01
Charge for the period	84.62	0.44	85.06
Disposals	35.01	-	35.01
As at December 31, 2020	**176.02**	**1.04**	**177.06**
Net block			
As at December 31, 2020	**284.40**	**36.46**	**320.86**
As at March 31, 2020	**232.50**	**36.90**	**269.40**

5.1 Property, plant and equipment

(In ₹ Million)

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

5.2 Right of use assets

(In ₹ Million)

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

5.3 Goodwill

(In ₹ Million)

	As At December 31, 2021	As At December 31, 2020	As At March 31, 2021
Cost			
Balance at beginning of period/ year	-	-	-
Additional amounts recognised from business combinations (Refer Note 33)	21.74	-	-
Balance at end of period/ year	**21.74**	**-**	**-**

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5.4 Other intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2021	925.11	261.74	1,186.85
Additions	60.77	-	60.77
Acquisition through business combination (Refer note 33)	-	85.00	85.00
Disposals	-	-	-
As at December 31, 2021	**985.88**	**346.74**	**1,332.62**
Accumulated amortization			
As at April 1, 2021	753.46	261.74	1,015.20
Charge for the period	51.66	2.00	53.66
As at December 31, 2021	**805.12**	**263.74**	**1,068.86**
Net block			
As at December 31, 2021	**180.76**	**83.00**	**263.76**
As at March 31, 2021	**171.65**	**-**	**171.65**

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2020	743.67	261.74	1,005.41
Additions	157.21	-	157.21
As at December 31, 2020	**900.88**	**261.74**	**1,162.62**
Accumulated amortization			
As at April 1, 2020	696.70	261.74	958.44
Charge for the period	41.46	-	41.46
As at December 31, 2020	**738.16**	**261.74**	**999.90**
Net block			
As at December 31, 2020	**162.72**	**-**	**162.72**
As at March 31, 2020	**46.97**	**-**	**46.97**

(In ₹ Million)

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

5.5 Depreciation and amortization expense

(In ₹ Million)

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	March 31, 2021
On Property, plant and equipment	166.38	99.40	433.40	284.75	398.33
On Right of use assets	31.68	26.34	92.17	85.06	111.70
On Other intangible assets	20.67	14.66	53.66	41.46	56.76
	218.73	**140.40**	**579.23**	**411.27**	**566.79**

6. Non-current financial assets : Investments (refer note 30)

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Investments carried at cost			
Unquoted investments			
Investments in equity instruments			
- In wholly owned subsidiary companies (Refer note 31)			
Persistent Systems, Inc. 482 million (Corresponding period/ Previous year: 402 million) shares of USD 0.10 each, fully paid up	3,048.26	2,478.01	2,478.01
	3,048.26	2,478.01	2,478.01
Persistent Systems Pte Ltd. 0.50 million (Corresponding period/ Previous year: 0.50 million) shares of SGD 1 each, fully paid up	15.50	15.50	15.50
	15.50	15.50	15.50
Persistent Systems France SAS 1.50 million (Corresponding period/ Previous year: 1.50 million) shares of EUR 1 each, fully paid up	97.47	97.47	97.47
	97.47	97.47	97.47
Persistent Systems Malaysia Sdn. Bhd. 5.45 million (Corresponding period/ Previous year: 5.45 million) shares of MYR 1 each, fully paid up	102.25	102.25	102.25
	102.25	102.25	102.25
Persistent Systems Germany GmbH 11.6527 million (Corresponding period/ Previous year: 11.6527 million) shares of EUR 1 each, fully paid up	1,265.91	1,265.91	1,265.91
	1,265.91	1,265.91	1,265.91
CAPIOT Software Private Limited 0.1867 million (Corresponding period/ Previous year: 0.1867) shares of Rs. 10 each, fully paid up	483.71	376.61	376.61
	483.71	376.61	376.61
- In associates			
Klisma e-Services Private Limited [Holding Nil (Corresponding period/ Previous year: 50%)] #			
Nil (Corresponding period/ Previous year : 0.005 million) shares of ₹ 10 each, fully paid up	-	0.05	0.05
Less : Impairment	-	(0.05)	(0.05)
	-	-	-
Total investments carried at cost (A)	5,013.10	4,335.75	4,335.75
Investments carried at amortised cost			
Quoted investments			
In bonds	2,652.53	2,593.95	2,557.92
[Market value ₹ 2,771.39 million (Corresponding period: ₹ 2,811.74 million /Previous year ₹ 2,727.32 million)]			
Add: Interest accrued on bonds	88.20	87.33	72.88
Total investments carried at amortised cost (B)	2,740.73	2,681.28	2,630.80
Designated as fair value through profit and loss			
Quoted investments			
- Investments in mutual funds			
Fair value of long term mutual funds (Refer Note 6 (a))	828.02	953.26	806.99
	828.02	953.26	806.99
Unquoted investments			
-Others*			
Altizon Systems Private Limited 3,766 equity shares (Corresponding period / Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up	6.00	6.00	6.00
	6.00	6.00	6.00
Total investments carried at fair value (C)	834.02	959.26	812.99
Total investments (A) + (B) + (C)	8,587.85	7,976.29	7,779.54
Aggregate provision for diminution in value of investments	-	0.05	0.05
Aggregate amount of quoted investments	3,568.75	3,634.54	3,437.79
Aggregate amount of unquoted investments	5,019.10	4,341.80	4,341.80

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

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

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

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Axis mutual fund	466.36	498.64	400.50
IDFC mutual fund	361.66	418.78	370.31
Sundaram mutual fund	-	35.84	36.18
	828.02	**953.26**	**806.99**

7. Non-current financial assets : Loans (refer note 30)

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Carried at amortised cost			
Security deposits			
Unsecured, considered good	117.96	108.12	52.23
	117.96	**108.12**	**52.23**
Other loans and advances			
Unsecured, considered good			
Loan to ESOP trust	3,364.00	-	-
Add: Interest Accrued	34.11	-	-
	3,398.11	-	-
Others	-	35.00	-
	3,398.11	**35.00**	**-**
Unsecured, credit impaired	0.58	0.58	0.58
	0.58	0.58	0.58
Less: Impairment	(0.58)	(0.58)	(0.58)
Add: Interest accrued but not due on others	-	0.67	-
	-	**0.67**	**-**
	3,516.07	**143.79**	**52.23**

8. Other non-current financial assets (refer note 30)

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Non-current bank balances (refer note 14)	80.26	43.92	24.42
Add: Interest accrued but not due on non-current bank deposits (refer note 14)	0.14	0.87	1.34
Non-current deposits with banks (carried at amortised cost)	**80.40**	**44.79**	**25.76**
Deposit with financial institutions	430.00	430.00	430.00
Add: Interest accrued but not due on deposit with financial institutions	0.98	0.98	0.98
Less: Credit impaired	(430.98)	(430.98)	(430.98)
Non-current deposits with financial institutions (carried at amortised cost)	-	-	-
	80.40	**44.79**	**25.76**

9. Deferred tax assets (net)

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Deferred tax liabilities			
Differences in book values and tax base values of block of property, plant and equipment and other intangible assets	55.64	-	41.87
Capital gains (net)	43.96	69.83	61.06
	99.60	**69.83**	**102.93**
Deferred tax assets			
Provision for leave encashment	115.02	87.87	95.76
Provision for long service awards	69.74	66.33	64.97
Allowance for expected credit loss	28.70	32.39	28.85
Tax credit	56.61	59.92	62.37
Right of use asset and lease liability	29.25	27.98	26.36
Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets	-	2.78	-
Others	81.50	52.38	70.36
	380.82	**329.65**	**348.67**
Deferred tax assets (net)	**281.22**	**259.82**	**245.74**

10. Other non-current assets

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Capital advances (unsecured, considered good)	1,068.39	10.62	38.75
Advances recoverable in cash or kind or for value to be received	87.87	17.16	84.43
Balances with government authorities (refer note 32 (c))	296.55	296.55	296.55
	1,452.81	**324.33**	**419.73**

11. Current financial assets : Investments (refer note 30)

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Designated as fair value through profit and loss			
- Quoted investments			
Investments in mutual funds			
Fair value of current mutual funds (refer note '11(a)' below)	6,223.61	5,629.40	6,374.95
Total carrying amount of investments	**6,223.61**	**5,629.40**	**6,374.95**
Aggregate amount of quoted investments	**6,223.61**	**5,629.40**	**6,374.95**
Aggregate amount of unquoted investments	**-**	**-**	**-**

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

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
UTI mutual fund	1,263.72	686.83	723.19
Aditya Birla Sun Life mutual fund	1,238.95	747.63	1,011.03
Axis mutual fund	621.53	696.54	824.68
ICICI Prudential mutual fund	579.70	857.41	710.33
L&T mutual fund	511.09	483.40	511.71
Kotak mutual fund	456.81	685.17	478.21
HDFC mutual fund	366.45	822.88	963.10
Nippon India mutual fund (formerly known as Reliance mutual fund)	351.54	-	-
IDFC mutual fund	348.84	382.36	911.72
Sundaram mutual fund	253.40	-	-
DSP mutual fund	100.57	65.16	37.38
SBI mutual fund	66.00	165.10	166.36
Tata mutual fund	65.01	-	-
PGIM India mutual fund (formerly known as DHFL Pramerica mutual fund)	-	-	37.24
DHFL Pramerica mutual fund	-	36.92	
	6,223.61	**5,629.40**	**6,374.95**

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12. Trade receivables (refer note 30)

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Unsecured, considered good*	4,188.32	2,844.01	2,966.26
Unsecured, credit impaired	114.03	128.70	118.29
	4,302.35	**2,972.71**	**3,084.55**
Less : Allowance for expected credit loss	(114.03)	(128.70)	(118.29)
	4,188.32	**2,844.01**	**2,966.26**
	4,188.32	**2,844.01**	**2,966.26**

*Includes dues from related parties (refer note 31)

13. Cash and cash equivalents (refer note 30)

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Cash and cash equivalents as presented in cash flow statement			
Cash on hand	0.09	0.05	0.10
Balances with banks			
On current accounts#	487.39	188.17	360.22
On saving accounts	0.01	10.27	1.33
On exchange earner's foreign currency accounts	408.36	277.92	208.57
On deposit accounts with original maturity less than three months	-	97.50	292.50
	895.85	**573.91**	**862.72**

Of the cash and cash equivalent balance as at December 31, 2021, the Company can utilise ₹ 98.57 million (Corresponding period: ₹ 0.25 million/ Previous year: ₹ 154.39 million) only towards certain predefined activities specified in the agreement.

14. Other bank balances (refer note 30)

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Deposits with banks*	6,183.77	7,107.09	7,108.47
Add: Interest accrued but not due on deposits with banks	159.95	262.17	301.29
Deposits with banks (carried at amortised cost)	**6,343.72**	**7,369.26**	**7,409.76**
Less: Deposit with maturity more than twelve months from the balance sheet date disclosed under non-current financial assets (refer note 8)	(80.26)	(43.92)	(24.42)
Less: Interest accrued but not due on non-current deposits with banks (refer note 8)	(0.14)	(0.87)	(1.34)
	6,263.32	**7,324.47**	**7,384.00**
Balances with banks on unpaid dividend accounts**	2.76	2.84	3.00
	6,266.08	**7,327.31**	**7,387.00**

* Out of the balance, fixed deposits of ₹ 646.58 million (Corresponding period: ₹ 673.71 million/ Previous year : ₹ 675.89 million) have been earmarked against credit facilities and bank guarantees availed by the Company.

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

15. Current financial assets : Loans (refer note 30)

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Carried at amortised cost			
Loan to related parties (Refer note 31)			
Unsecured, credit impaired			
- Klisma e-Services Private Limited	-	27.43	27.43
	-	27.43	27.43
Less: Write off / impairment	-	(27.43)	(27.43)
	-	-	-
Security deposits			
Unsecured, considered good	0.10	0.10	49.33
	0.10	0.10	49.33
	0.10	0.10	49.33

16. Other current financial assets (refer note 31)

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Fair value of derivatives designated as hedging instruments			
Forward contracts receivable	187.81	290.05	294.46
Advances to related parties (Unsecured, considered good) (refer note 31)			
Persistent Systems, Inc.	-	6.15	18.72
Persistent Systems France SAS	0.62	0.38	0.38
Persistent Telecom Solutions Inc.	0.13	0.01	0.01
Persistent Systems Malaysia Sdn. Bhd.	0.07	-	-
Persistent Systems Lanka (Private) Limited	0.17	0.02	0.02
Aepona Limited	4.64	1.48	2.34
Aepona Group Limited	0.04	-	-
PARX Consulting GmbH	0.06	-	-
Persistent Systems Mexico, S.A. de C.V	0.09	-	-
Youperience GmbH	0.04	-	-
PARX Werk AG	0.09	-	-
Persistent Systems Pte. Ltd.	0.10	-	-
Persistent Systems Germany GmbH	0.01	-	-
Youperience Limited	0.04	-	-
	6.10	8.04	21.47
Advances to related parties (Unsecured, credit impaired) (refer note 31)			
Klisma e-Services Private Limited	-	0.81	0.81
Less: Impairment	-	(0.81)	(0.81)
	-	-	-
Other advances	-	20.87	21.79
Unbilled revenue	2,475.92	1,751.88	1,726.07
	2,669.83	2,070.84	2,063.79

17. Other current assets

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Advances to suppliers (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	438.93	294.45	388.32
Excess fund balance with Life Insurance Corporation of India	60.24	68.08	113.08
Other advances (Unsecured, considered good)			
VAT receivable (net)	-	-	23.44
Service tax and GST receivable (net) (refer note 32(a))	572.30	1,015.41	1,132.09
	572.30	1,015.41	1,155.53
	1,071.47	1,377.94	1,656.93

18. Non-current financial liabilities : Borrowings (refer note 30)

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Unsecured borrowings carried at amortised cost			
Term loans			
Indian rupee loan from others	5.54	8.75	7.39
Interest accrued but not due on term loans	0.04	0.06	0.11
	5.58	**8.81**	**7.50**
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (Refer note 22)	(1.85)	(3.21)	(1.85)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (Refer note 22)	(0.04)	(0.06)	(0.11)
	(1.89)	**(3.27)**	**(1.96)**
	3.69	**5.54**	**5.54**

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

Loan I - amounting to ₹ 5.54 million (Corresponding period ₹ 7.41 / Previous year ₹ 7.39 million) with interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from October 2015.

Loan II - amounting to Nil (Corresponding period ₹ 1.34 million / Previous year Nil) with interest payable @ 2% per annum has been guaranteed by a bank guarantee by the Company and was repayable in ten equal semi annual installments over a period of five years commencing from September 2016. The loan has been fully repaid in previous year.

19. Non current liabilities : Provisions

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Provision for employee benefits			
- Long service awards	251.70	240.67	240.94
	251.70	**240.67**	**240.94**

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20. Lease liabilities (refer note 30)

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Lease liabilities	615.46	387.93	378.54
Less: Current portion of lease liabilities	(120.42)	(82.04)	(73.82)
	495.04	**305.89**	**304.72**

Movement of lease liabilities

	For the nine months ended December 31, 2021 In ₹ Million	For the nine months ended December 31, 2020 In ₹ Million	For the year ended March 31, 2021 In ₹ Million
Opening balance	378.54	356.64	356.64
Additions	311.55	156.55	176.95
Deletions	-	(23.23)	(20.03)
Add: Interest recognised during the period / year	51.39	26.78	38.09
Less: Payments made	(126.02)	(128.81)	(173.11)
Closing balance	**615.46**	**387.93**	**378.54**

21. Trade payables (refer note 30)

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Trade payables for goods and services* [(dues of micro and small enterprises ₹ 26.59 million (Corresponding period: ₹ 11.76 million/ Previous year: ₹ 30.20 million)]	804.93	836.66	938.40
	804.93	**836.66**	**938.40**

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

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

22. Other current financial liabilities (refer note 30)

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Capital creditors	26.42	19.96	237.83
Current maturity of long term-borrowings (refer note 18)	1.85	3.21	1.85
Current maturity of interest on long-term borrowings (refer note18)	0.04	0.06	0.11
Accrued employee liabilities	120.41	108.50	154.58
Unpaid dividend *	2.76	2.84	3.00
Other liabilities	8.41	-	0.05
Payable to Selling Shareholders	110.31	-	-
Less: Non Current portion of Payable to Selling Shareholders	(21.76)	-	-
	88.55	**-**	**-**
Advance from related parties (Unsecured, considered good) (refer note 31)			
Persistent Systems, Inc.	4.29	-	-
Persistent Systems Israel Ltd.	1.14	-	-
	5.43	**-**	**-**
	253.87	**134.57**	**397.42**

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

23. Other current liabilities

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Unearned revenue	345.27	268.31	260.40
Advance from customers	1,148.40	608.19	1,023.53
Other payables			
- Statutory liabilities	445.29	228.98	228.03
- Other liabilities*	145.82	21.51	167.05
	2,084.78	**1,126.99**	**1,679.01**

*Includes balance of ₹ 134.83 million (Corresponding period: Nil / previous year: ₹ 154.16 million) to be utilised against certain predefined activities specified in the agreement.

24. Current liabilities : Provisions

	As at December 31, 2021 In ₹ Million	As at December 31, 2020 In ₹ Million	As at March 31, 2021 In ₹ Million
Provision for employee benefits			
- Leave encashment	455.60	349.12	380.49
- Long service awards	25.40	22.86	17.19
- Other employee benefits	1,213.00	705.69	747.91
	1,694.00	**1,077.67**	**1,145.59**

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

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	March 31, 2021
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Software services	9,208.92	6,124.95	25,162.99	17,519.77	24,270.63
Software licenses	77.59	301.39	241.71	429.73	525.45
	9,286.51	**6,426.34**	**25,404.70**	**17,949.50**	**24,796.08**

26. Other income

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	March 31, 2021
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Interest income					
On deposits carried at amortised cost	82.03	99.68	230.67	270.95	381.66
On others	83.47	45.05	186.06	125.35	167.16
Foreign exchange gain / (loss) (net)	44.91	22.03	136.34	(61.41)	67.12
Profit on sale of property, plant and equipment (net)	0.36	3.38	5.08	6.63	8.10
Dividend income from investments*	-	36.89	-	131.45	131.45
Net profit on sale/ fair valuation of financial assets designated as FVTPL	62.17	82.77	280.37	286.14	344.43
Miscellaneous income	34.39	35.63	95.14	67.30	76.24
	307.33	**325.43**	**933.66**	**826.41**	**1,176.16**

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

27. Personnel expenses

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	March 31, 2021
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
27.1 Employee benefits expense					
Salaries, wages and bonus	5,261.95	3,350.79	13,890.62	9,161.68	12,806.57
Contribution to provident and other funds	204.13	177.48	681.14	468.78	666.24
Staff welfare and benefits	81.96	87.40	250.30	234.55	384.07
Share based payments to employees	221.98	83.97	499.32	156.98	236.33
	5,770.02	**3,699.64**	**15,321.38**	**10,021.99**	**14,093.21**
27.2 Cost of professionals					
- Related parties (refer note 31)	174.26	327.56	530.29	1,063.44	1,323.73
- Others	194.40	121.26	648.29	246.84	451.34
	368.66	**448.82**	**1,178.58**	**1,310.28**	**1,775.07**
	6,138.68	**4,148.46**	**16,499.96**	**11,332.27**	**15,868.28**

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28. Other expenses*

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	March 31, 2021
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	39.08	8.13	114.88	42.87	39.58
Electricity expenses (net)	19.75	19.16	49.00	52.41	69.09
Internet link expenses	11.03	12.86	36.19	40.47	50.14
Communication expenses	16.16	15.56	44.56	68.19	73.17
Recruitment expenses	90.87	41.69	244.31	62.12	75.40
Training and seminars	20.38	8.23	48.48	20.80	23.97
Purchase of software licenses and support expenses	281.43	354.02	762.96	727.77	908.00
Bad debts	-	43.37	-	43.37	46.96
Allowance for expected credit loss (net)	3.99	(52.23)	(0.76)	(4.67)	(20.20)
Rent	18.40	17.17	53.22	59.49	77.50
Insurance	8.87	7.83	28.43	23.78	31.37
Rates and taxes	11.98	15.79	29.61	44.43	52.57
Legal and professional fees	53.43	38.28	177.05	116.87	196.13
Repairs and maintenance					
- Plant and Machinery	31.30	27.58	80.51	72.95	94.92
- Buildings	3.67	4.39	13.42	15.09	19.26
- Others	5.31	(1.13)	15.15	12.38	15.20
Selling and marketing expenses	279.54	210.96	755.69	543.45	739.82
Advertisement, conference and sponsorship fees	1.64	1.16	3.10	2.70	3.54
Computer consumables	0.21	1.31	2.59	2.07	3.14
Auditors' remuneration	3.00	1.11	5.21	4.35	9.00
Donations	15.00	35.00	70.00	161.91	163.93
Books, memberships, subscriptions	2.77	3.99	12.41	10.64	12.69
Directors' sitting fees	2.10	1.00	6.15	3.66	4.84
Directors' commission	4.40	2.36	15.84	7.86	10.22
Loss on receivables and investment in associate	-	-	28.29	-	-
Reversal of provision for receivables and investment in associate	-	-	(28.29)	-	-
Miscellaneous expenses	54.77	27.44	109.36	91.17	118.52
	979.08	**845.03**	**2,677.36**	**2,226.13**	**2,818.76**

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

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29. Earnings per share

		For the quarter ended		For the nine months ended		For the year ended
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	March 31, 2021
Numerator for Basic and Diluted EPS						
Net profit after tax (In ₹ Million)	(A)	1,728.91	1,259.03	4,913.81	3,650.14	5,050.86
Denominator for Basic EPS						
Weighted average number of equity shares	(B)	76,425,000	76,425,000	76,425,000	76,425,000	76,425,000
Denominator for Diluted EPS						
Number of equity shares	(C)	76,425,000	76,425,000	76,425,000	76,425,000	76,425,000
Basic earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	**22.62**	**16.47**	**64.30**	**47.76**	**66.09**
Diluted earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	**22.62**	**16.47**	**64.30**	**47.76**	**66.09**

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

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30. 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 December 31, 2021		As at December 31, 2020		As at March 31, 2021		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	
Assets:								
Investments in subsidiaries and associates (net)	Cost	5,013.10	5,013.10	4,335.75	4,335.75	4,335.75	4,335.75	
Investments in equity instruments	Fair value	6.00	6.00	6.00	6.00	6.00	6.00	Level 3
Investments in bonds*	Amortised cost	2,740.73	2,771.39	2,681.28	2,811.74	2,630.80	2,727.32	
Investments in mutual funds	Fair value	7,051.63	7,051.63	6,582.66	6,582.66	7,181.94	7,181.94	Level 1
Loans	Amortised cost	3,516.17	3,516.17	143.89	143.89	101.56	101.56	
Deposit with banks and financial institutions (including interest accrued but not due on deposits with banks)	Amortised cost	6,343.72	6,343.72	7,369.26	7,369.26	7,409.76	7,409.76	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	898.61	898.61	576.75	576.75	865.72	865.72	
Trade receivables (net)	Amortised cost	4,188.32	4,188.32	2,844.01	2,844.01	2,966.26	2,966.26	
Forward contracts receivable	Fair value	187.81	187.81	290.05	290.05	294.46	294.46	Level 2
Unbilled revenue	Amortised cost	2,475.92	2,475.92	1,751.88	1,751.88	1,726.07	1,726.07	
Other current financial assets	Amortised cost	6.10	6.10	28.91	28.91	43.26	43.26	
Total		**32,428.11**	**32,458.77**	**26,610.44**	**26,740.90**	**27,561.58**	**27,658.10**	
Liabilities:								
Borrowings (including accrued interest)	Amortised cost	5.58	5.58	8.81	8.81	7.50	7.50	
Trade payables	Amortised cost	804.93	804.93	836.66	836.66	938.40	938.40	
Lease liabilities	Amortised cost	615.46	615.46	387.93	387.93	378.54	378.54	
Other financial liabilities (excluding borrowings)	Amortised cost	273.74	273.74	131.30	131.30	395.46	395.46	
Total		**1,699.71**	**1,699.71**	**1,364.70**	**1,364.70**	**1,719.90**	**1,719.90**	

* 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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31. Related Party Transactions

Refer to the Company's Annual Report for the year ended March 31, 2021 for the full names and other details of the Company's related parties.

The Company's significant related party transactions during the period ended and outstanding balances as at December 31, 2021, December 31, 2020 and March 31, 2021 are with its related parties with whom the Company generally enters into transactions which are at arms length and in the ordinary course of business.

During the period, the Company has granted loan to ESOP Trust amounting to ₹ 3,870 million. Outstanding balance relating to same was ₹ 3,398.11 million (including interest accrued) as at December 31, 2021. (Corresponding period/ previous year: Nil).

During the period, the Company has subscribed to the shares of Persistent Systems, Inc. amounting to ₹ 570.25 million.(Corresponding period/ previous year: Nil).

The Company acquired 100% share capital of CAPIOT Software Private Limited, a company based in India, with effect from October 29, 2020. (Refer note 6)

Klisma e-Services Private Limited ('Klisma'), an Associate Company of the Company has been dissolved w.e.f. August 10, 2021 vide dissolution order passed by the Hon'ble National Company Law Tribunal, Mumbai Bench.Consequently the balances apprearing in non-current financial assets,current financial assets,other current financial assets have been written off.

32. Contingent liabilities

(a) Persistent Systems Limited ("the Company") had received a show cause notice from the 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 Company to its overseas customers for the period 2011-12 to 2014-15.

Post representations made by the 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 Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017.

The Company, 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 Company 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 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 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 December 31, 2021, the pending litigations in respect of direct taxes amount to ₹ 475.28 million (Corresponding period ₹ 201.49 million / Previous year: ₹ 478.79 million) and in respect of indirect taxes amount to ₹ 28.13 million (Corresponding period ₹ 25.94 million / Previous year: ₹ 27.33 million) (excluding the show cause notice received from Commissioner of Service Tax on May 29, 2017 of ₹ 173.78 million (corresponding period/ previous year ₹ 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 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 (Corresponding period / previous year ₹ 255.52 million) , which have been refunded under protest with interest of ₹ 41.03 million (Corresponding period / previous year ₹ 41.03 million), the Company filed an application with Directorate General of Foreign Trade (DGFT). The 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 Company understands from NASSCOM that they have also taken up the matter with concerned authorities. The Company in the previous year 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 the company to seek the incentives. Based on the documents filed with relevant authorities and based on the consultations with subject matter specialists, the Company believes that its position is most likely be upheld on ultimate resolution and accordingly, no provision is necessary to be made against such claims in these condensed interim financial statements.

(d) Persistent Systems Ltd has given a performance guarantee up to $ 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 (Corresponding period/ Previous year: $10 million). Persistent Systems Ltd. has also given performance guarantee up to $ 5 million to Citibank USA (Corresponding period/ 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) On Oct 23, 2021, Persistent Systems Limited has issued a performance Guarantee in the form of Comfort Letter to HSBC Bank, USA in respect of new Term Loan ($ 25 million) availed by Persistent Systems, Inc. from HSBC Bank, USA. (Corresponding period/ Previous year : Nil)

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33 Business Combination

The Company has entered into an Agreement effecting business acquisition of Shree Infosoft Pvt. Ltd., India, ("Shree Infosoft") on September 29, 2021, which primarily involves acquisition of customer contracts together with the skilled employees of Shree Infosoft. The closing conditions were satisfied on November 18, 2021. After the acquisition of the customer contracts and skilled employees, the Company does not hold any equity interest in Shree Infosoft.

Assets taken over:

Particulars	In ₹ Million
Non-current assets	
Property, Plant and Equipment	1.97
Contractual rights and Goodwill	106.74
Total assets	**108.71**

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

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

35 The Company has recognized notional interest on lease liability of ₹ 51.39 million (Corresponding period ₹ 26.78 million / previous year: ₹ 38.09 million) under finance cost as required by Ind AS 116: Leases.

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

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

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

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.01.20 23:36:33 +05'30'

Shashi Tadwalkar

Partner
Membership No.: 101797

Place: Pune
Date : January 20, 2022

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

Anand Deshpande

Sandeep Kalra
Sandeep Kalra (Jan 20, 2022 09:41 EST)

Dr. Anand Deshpande	**Sandeep Kalra**	**Praveen Kadle**
Chairman and Managing Director	Executive Director and Chief Executive Officer	Independent Director
DIN: 00005721	DIN: 02506494	DIN: 00016814
Place: Pune Date : January 20, 2022	Place: New Jersey, USA Date : January 20, 2022	Place: Mumbai Date : January 20, 2022

Sunil Sapre
Sunil Sapre (Jan 20, 2022 20:07 GMT+5.5)

Amit Atre
Amit Atre (Jan 20, 2022 19:03 GMT+5.5)

Sunil Sapre	**Amit Atre**
Executive Director and Chief Financial Officer	Company Secretary
DIN: 06475949	Membership No. A20507
Place: Mumbai Date : January 20, 2022	Place: Pune Date : January 20, 2022