Persistent

NSE & BSE / 2022-23 / 15

April 27, 2022

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

**Ref: Symbol: PERSISTENT**

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

**Ref: Scrip Code: 533179**

Dear Sir/Madam,

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

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

Accordingly, please find enclosed the following documents:

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

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

Please acknowledge the receipt.

Thanking you,

Yours Sincerely,
For **Persistent Systems Limited**

AMIT MURARI ATRE
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Date: 2022.04.28 00:05:18 +05'30'

Amit Atre
Company Secretary
ICSI Membership No.: A20507

Encl: As above

**Walker Chandiok & Co LLP**
3rd floor, Unit No. 309 to 312,
West Wing, Nyati Unitree
Nagar Road, Yerwada,
Pune - 411006
Maharashtra, India
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**Independent Auditor's Report on the Audit of the Condensed Interim Consolidated Financial Statements for the quarter and year ended 31 March 2022**

**To the Members of Persistent Systems Limited**

**Opinion**

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

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

**Basis for Opinion**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Other Matters**

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

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

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

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

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

**Shashi Tadwalkar**
Partner
Membership No:101797

**UDIN:22101797AHXPFB7947**

Place: Pune
Date: 27 April 2022

**Annexure 1**

**List of entities included**

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

## Persistent Systems Limited

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022**

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

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

As per our report of even date

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

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

**Shashi Tadwalkar**
Partner

Membership No. :- 101797

Place: Pune
Date : April 27, 2022

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

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

Anand Deshpande

**Dr. Anand Deshpande**
Chairman and Managing Director
DIN: 00005721
Place: Pune
Date : April 27, 2022

**Sandeep Kalra**
Executive Director and Chief Executive Officer
DIN: 02506494
Place: Pune
Date : April 27, 2022

**Praveen Kadle**
Independent Director
DIN: 00016814
Place: Pune
Date : April 27, 2022

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

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

**Sunil Sapre**
Executive Director and Chief Financial Officer
DIN: 06475949
Place: Pune
Date : April 27, 2022

**Amit Atre**
Company Secretary
Membership No. A20507
Place: Pune
Date : April 27, 2022

**Persistent Systems Limited**

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

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

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

As per our report of even date

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

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

**Shashi Tadwalkar**

Partner
Membership No. :- 101797

Place: Pune
Date : April 27, 2022

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

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

Anand Deshpande

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

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

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

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

## Persistent Systems Limited

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

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

**Persistent Systems Limited**

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

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

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

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

Summary of significant accounting policies - refer note 4

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

As per our report of even date

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

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

**Shashi Tadwalkar**
Partner

Membership No. :- 101797

Place: Pune
Date : April 27, 2022

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

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

Anand Deshpande

**Dr. Anand Deshpande**
Chairman and Managing Director
DIN: 00005721
Place: Pune
Date : April 27, 2022

**Sandeep Kalra**
Executive Director and Chief Executive Officer
DIN: 02506494
Place: Pune
Date : April 27, 2022

**Praveen Kadle**
Independent Director
DIN: 00016814
Place: Pune
Date : April 27, 2022

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

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

**Sunil Sapre**
Executive Director and Chief Financial Officer
DIN: 06475949
Place: Pune
Date : April 27, 2022

**Amit Atre**
Company Secretary
Membership No. A20507
Place: Pune
Date : April 27, 2022

**Persistent Systems Limited**

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

**A. Share capital**
(refer note 5)

**(In ₹ Million)**

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

**(In ₹ Million)**

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

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**Persistent Systems Limited**

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

**B. Other equity**

(In ₹ Million)

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

(In ₹ Million)

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

Summary of significant accounting policies - refer note 4

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

As per our report of even date

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

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

**Shashi Tadwalkar**
Partner

Membership No. :- 101797

Place: Pune
Date : April 27, 2022

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

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

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**Dr. Anand Deshpande**
Chairman and Managing Director
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**Amit Atre**
Company Secretary
Membership No. A20507
Place: Pune
Date : April 27, 2022

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

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

**Nature and purpose of reserves**

**a) General reserve**

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

**b) Share options outstanding reserve**

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

**c) Gain on bargain purchase**

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

**d) Capital redemption reserve**

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

**e) Special economic zone re-investment reserve**

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

**f) Cash flow hedge reserve**

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

**g) Foreign currency translation reserve**

The foreign exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognised in other comprehensive income and is presented under equity in the foreign currency translation reserve. The amount is transferred to retained earnings upon disposal of investment in foreign operation.

## 1 Nature of operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 2 Basis of preparation

### 2.1 Historical cost convention

The condensed interim consolidated financial statements of the Group have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments and equity settled employee stock options which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services. The accounting policies are consistently applied by the Group during the period and are consistent with those used in previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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

### 2.2 Compliance with Ind AS

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

### 2.3 New and amended standards adopted by the Group

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

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

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

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

### 2.4 New amendments issued but not effective

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

### 2.5 Reclassifications consequent to amendments to Schedule III

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

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

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

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

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

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

## 3 Principles of consolidation

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

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

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

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

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

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

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**Notes forming part of condensed interim consolidated financial statements**

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

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

## 4 Critical accounting estimates

### 4.1 Use of estimates

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

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

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

### 4.3 Critical accounting estimates

**a) Revenue recognition**

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

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

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

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

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

**b) Income taxes**

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

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

**c) Business combination**

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

**d) Property, plant and equipment**

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

**e) Leases**

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

**Notes forming part of condensed interim consolidated financial statements**

**##### Summary of significant accounting policies**

**a) Current versus non-current classification**

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

**b) Property, Plant and Equipment**

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

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

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

**c) Intangible assets**

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

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

*Research and development cost*

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate:

-technical feasibility of completing the intangible asset so that it will be available for use or sale;

-its intention to complete the asset;

-its ability to use or sell the asset;

-how the asset will generate probable future economic benefits;

-the availability of adequate resources to complete the development and to use or sell the asset; and

-the ability to measure reliably the expenditure attributable to the intangible asset during development.

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

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

### d) Depreciation and amortization

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

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

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

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

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

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

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

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

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

### e) Borrowing costs

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

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

### f) Leases

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

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

***Where the Group is a lessee***

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

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

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

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

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

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

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

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

**Group as a lessor**

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

**g) Impairment of Non-financial assets**

The Group asesses at each reporting date, if there is any indication of impairment based on internal/external factors. If any indications exist, the Group estimates the asset's recoverable amount unless the asset does not generate cash flows that are largely independent of those from other assets.

In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The recoverable amount is the greater of the asset's fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

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

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

**h) Financial instruments**

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

**Initial recognition and measurement**

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

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

**Non-derivative financial instruments**

**Subsequent measurement**

**Financial assets**

**Financial assets at amortized cost**

Financial assets that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.

**Financial assets at fair value through other comprehensive income (FVTOCI)**

Financial assets that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value. Fair value movements are recognized in other comprehensive income.

**Financial assets at fair value through profit or loss** (FVTPL)

Any financial asset which does not meet the criteria for categorization as financial asset at amortized cost or at FVTOCI, is classified as financial asset at FVTPL. Financial assets except derivative contracts included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

**Financial liabilities**

**Financial liabilities at amortised cost**

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

**Financial liabilities at fair value through profit or loss (FVTPL)**

Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss if the recognition criteria as per Ind AS 109 – "Financial Instruments" are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss.
Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Group has not designated any financial liability as FVTPL.

**Investments in subsidiaries, associates and joint ventures**

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

**Derivative financial instruments**

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

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

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

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

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

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

**Derecognition**

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

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

**Financial guarantee contracts**

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

**Fair value of financial instruments**

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

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

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

**Impairment of financial assets**

The Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For trade receivables, the Group recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

**i) Revenue recognition**

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

**Income from software services and products**

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

Arrangements with customers for software related services are either on a time-and-material or a fixed-price basis.

Revenue on time-and-material contracts are recognized as and when the related services are performed. Revenue from fixed-price contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.

When support services are provided in conjunction with the licensing arrangement and the license and the support services have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. Maintenance revenue is recognized proportionately over the period in which the services are rendered.

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

Unbilled revenue represents revenue recognized in relation to work done until the balance sheet date for which billing has not taken place.

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized.

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

**Interest**

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

**Dividend**

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

**Contract balances**

***Contract assets***

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

***Contract liabilities***

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

**j) Government grants**

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

**k) Foreign currency translation**

**Foreign currency transactions and balances**

***Initial recognition***

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

***Conversion***

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

***Exchange differences***

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

***Translation of foreign operations***

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

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

**l) *Retirement and other employee benefits***

**Provident fund**

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

**Gratuity**

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

**Superannuation**

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

**Leave encashment**

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

The Group presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement beyond twelve months after the reporting date.

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

**Long service awards**

Long service awards are other long term benefits to all eligible employees, as per Group's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

**m) Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

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

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

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

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

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

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

**n) Segment reporting**

**(i) Identification of segment**

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

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

**(ii) Allocation of income and direct expenses**

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

**(iii) Unallocated items**

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

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

**(iv) Inter-segment transfers**

There are no inter-segments transactions.

**(v) Segment accounting policies**

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

**o) Earnings per share (EPS)**

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

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

**p) Provisions**

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

**q) Contingent liabilities**

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

**r) Cash and cash equivalents**

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

**s) Share based payments**

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

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

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

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

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

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

**t) Equity**

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

**u) Dividend**

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

**v) Business combinations**

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

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

Acquisition-related costs are expensed as incurred

The excess of the:

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

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

**w) Goodwill/ Gain on bargain purchase**

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

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**5 Equity share capital**

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

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

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

(In Million)

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

**b) Terms / rights attached to equity shares**

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

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

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

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

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

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

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

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**6.1 Property, plant and equipment**

(In ₹ Million)

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

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**6.1 Property, plant and equipment**

(In ₹ Million)

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

* Note: Buildings include those constructed on leasehold land:
a) Gross block as on March 31, 2022 ₹ 1,455.94 million (Previous year ₹ 1,454.60 million)
b) Depreciation charge for the year ₹ 59.07 million (Previous year ₹ 59.04 million)
c) Accumulated depreciation as on March 31, 2022 ₹ 617.14 million (Previous year ₹ 558.07 million)
d) Net book value as on March 31, 2022 ₹ 838.80 million (Previous year ₹ 896.53 million)

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**6.2 Right-of-use assets**

(In ₹ Million)

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

(In ₹ Million)

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

**6.3 Goodwill**

(In ₹ Million)

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

### 6.4 Other Intangible assets

(In ₹ Million)

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

(In ₹ Million)

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

### 6.5 Depreciation and amortization

(In ₹ Million)

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

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**7. Non-current financial assets : Investments**

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

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

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

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

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

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

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

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

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

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

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

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

**10. Deferred tax asset (net) ***

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

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

**11. Other non-current assets**

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

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

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

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

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

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**13. Trade receivables**

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

**14. Cash and cash equivalents**

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

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

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

**15. Bank balances other than cash and cash equivalents**

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

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

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

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**16. Current financial assets : Loans**

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

**17. Other current financial assets**

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

**18. Other current assets**

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

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**19. Non-current financial liabilities : Borrowings**

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

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

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

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

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

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

**20. Lease liabilities**

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

**Movement of lease liabilities**

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

**21. Non current liabilities : Provisions**

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

**22. Trade payables**

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

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

**23. Other current financial liabilities**

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

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

**24.Other current liabilities**

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

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

**25. Current liabilities : Provisions**

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

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**26. Revenue from operations (net)**

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

**27. Other income**

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

**28. Personnel expenses**

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

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**29. Other expenses**

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

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**30. Earnings per share**

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

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

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**31. Financial assets and liabilities**

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

**In ₹ Million**

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

***Fair value hierarchy:**

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

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

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

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

**32. Segment information**

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

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

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

**(In ₹ Million)**

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

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

**32. Segment information**

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

**(In ₹ Million)**

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

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

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**33 Related party transactions**

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

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## 34. Contingent liabilities

(In ₹ Million)

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

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

**35 Business Combination**

The acquisition of the following businesses is accounted for using the acquisition method of accounting under Ind AS 103 Business Combinations.

In case of acquistions, the Goodwill is comprised of expected synergy benefit from combining operations and value of assembled work force which do not qualify for separate recognition.

Deferred purchase consideration in form of Earnouts is payable upon achievement of revenue and gross margin thresholds as specified in the agreements. The estimated range of outcome of payment of the same is assumed at 90%.

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

During previous year ended March 31, 2021, the Group acquired 100% share capital of CAPIOT Software Private Limited, a company based in India, 100% share capital of CAPIOT Software Inc, a company based in USA, along with its wholly owned subsidiaries CAPIOT Software Pty Limited, a company based in Australia and CAPIOT Software Pte Limited, a company based in Singapore.

The acquisition of the said business was accounted for using the acquisition method of accounting on provisional basis availing the exemption under Ind AS 103. Following are the results after conclusion of purchase price allocation exercise:

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

**(In ₹ Million)**

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

**a) Entities acquisition**

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

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

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

**Purchase price allocation :**

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

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

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

c) **Business acquisitions**

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

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

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

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

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

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

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

b. **Data Glove Group**

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

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

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

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

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

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

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

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

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

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

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

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

**Shashi Tadwalkar**

Partner
Membership No. :- 101797

Place: Pune
Date : April 27, 2022

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

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

Anand Deshpande

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

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

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

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

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

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

**Walker Chandiok & Co LLP**
3rd floor, Unit No. 309 to 312,
West Wing, Nyati Unitree
Nagar Road, Yerwada,
Pune - 411006
Maharashtra, India
**T** +91 20 6744 8888
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**Independent Auditor's Report on the Audit of the Condensed Interim Standalone Financial Statements for the quarter and year ended 31 March 2022**

**To the Members of Persistent Systems Limited**

**Opinion**

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

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

**Basis for Opinion**

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

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

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

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

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

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

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

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

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

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

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

- 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: 2022.04.27 22:27:36 +05'30'

**Shashi Tadwalkar**
Partner

Membership No:101797

**UDIN:22101797AHXPFB7947**

Place: Pune
Date: 27 April 2022

## Persistent Systems Limited

**CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2022**

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

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

As per our report of even date

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

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

**Shashi Tadwalkar**
Partner

Membership No.: 101797

Place: Pune
Date : April 27, 2022

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

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

Anand Deshpande

**Dr. Anand Deshpande**
Chairman and Managing Director
DIN: 00005721
Place: Pune
Date : April 27, 2022

**Sandeep Kalra**
Executive Director and Chief Executive Officer
DIN: 02506494
Place: Pune
Date : April 27, 2022

**Praveen Kadle**
Independent Director
DIN: 00016814
Place: Pune
Date : April 27, 2022

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

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

**Sunil Sapre**
Executive Director and Chief Financial Officer
DIN: 06475949
Place: Pune
Date : April 27, 2022

**Amit Atre**
Company Secretary
Membership No. A20507
Place: Pune
Date : April 27, 2022

**Persistent Systems Limited**

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

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

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

As per our report of even date

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

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

Anand Deshpande

**Shashi Tadwalkar**
Partner

Membership No.: 101797

Place: Pune
Date : April 27, 2022

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

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

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

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

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

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

**Persistent Systems Limited**

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

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

**Persistent Systems Limited**

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

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

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

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

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

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

**Shashi Tadwalkar**
Partner

Membership No.: 101797

Place: Pune
Date : April 27, 2022

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

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

Anand Deshpande

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

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

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

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

## Persistent Systems Limited

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

**A. Equity share capital**

(Refer note 4)

**(In ₹ Million)**

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

**(In ₹ Million)**

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

*(This space is intentionally left blank)*

**Persistent Systems Limited**

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

**B. Other equity**

(In ₹ Million)

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

(In ₹ Million)

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

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

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

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

**Shashi Tadwalkar**
Partner

Membership No.: 101797

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

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

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

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

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

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

Place: Pune
Date : April 27, 2022

### Nature and purpose of reserves

**a) General reserve**

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

**b) Share options outstanding reserve**

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

**c) Capital redemption reserve**

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

**d) Special Economic Zone re-investment reserve**

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

**e) Cash flow hedge reserve**

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

**1 Nature of operations**

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

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

**2 Basis of preparation**

**2.1 Historical cost convention and Indian Accounting Standards**

The condensed interim financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments and equity settled employee stock options which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services. The accounting policies are consistently applied by the Company during the period and are consistent with those used in previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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

**2.2 Compliance with Ind AS**

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

**2.3 New and amended standards adopted by the Company**

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

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

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

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

**2.4 New amendments issued but not effective**

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

**2.5 Reclassifications consequent to amendments to Schedule III**

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

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

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

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

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

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

## 3 Significant accounting policies

### 3.1 Use of estimates

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

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

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

### 3.3 Critical accounting estimates

**a) Revenue recognition**

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

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

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

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

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

**b) Income taxes**

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

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

**c) Business combination**

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

**d) Property, plant and equipment**

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

**e) Leases**

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

## 3.4 Summary of significant accounting policies

**a) Current versus non-current classification**

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

**b) Property, Plant and Equipment**

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

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

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

c) **Intangible assets**

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

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

***Research and development cost***

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the asset;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

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

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

d) **Depreciation and amortization**

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

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

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

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

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

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

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

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

e) **Borrowing costs**

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

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

**f) Leases**

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

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

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset

***Where the Company is a lessee***

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

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

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

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

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

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

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

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

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

**Company as a lessor**

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

**g) Impairment of Non-financial assets**

The Company asesses at each reporting date, if there is any indication of impairment based on internal/external factors. If any indications exist, the Company estimates the asset's recoverable amount unless the asset does not generate cash flows that are largely independent of those from other assets.

In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The recoverable amount is the greater of the asset's fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

**h) Financial instruments**

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

**Initial recognition and measurement**

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

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

***Non-derivative financial instruments***

***Subsequent measurement***

**Financial assets**

**Financial assets at amortized cost**

Financial assets that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.

**Financial assets at fair value through other comprehensive income (FVTOCI)**

Financial assets that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value. Fair value movements are recognized in other comprehensive income.

**Financial assets at fair value through profit or loss** (FVTPL)

Any financial asset which does not meet the criteria for categorization as financial asset at amortized cost or at FVTOCI, is classified as financial asset at FVTPL. Financial assets except derivative contracts included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

**Financial liabilities**

**Financial liabilities at amortised cost**

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

**Financial liabilities at fair value through profit or loss (FVTPL)**

Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss if the recognition criteria as per Ind AS 109 – "Financial Instruments" are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss.

Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Company has not designated any financial liability as FVTPL.

**Investments in subsidiaries, associates and joint ventures**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Impairment of financial assets**
The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For trade receivables, the Company recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

**i) Revenue recognition**

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

**Income from software services and products**

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

Arrangements with customers for software related services are either on a time-and-material or a fixed-price basis.

Revenue on time-and-material contracts are recognized as and when the related services are performed. Revenue from fixed-price contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.

When support services are provided in conjunction with the licensing arrangement and the license and the support services have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. Maintenance revenue is recognized proportionately over the period in which the services are rendered.

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

Unbilled revenue represents revenue recognized in relation to work done until the balance sheet date for which billing has not taken place.

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized.

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

**Interest**

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

**Dividend**

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

**Contract balances**

***Contract assets***

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

***Contract liabilities***

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

**j) Government grants**

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

**k) Foreign currency translation**

***Foreign currency transactions and balances***

***Initial recognition***

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

***Conversion***

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

***Exchange differences***

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

**Translation of foreign operations**

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

**l) Retirement and other employee benefits**

**Provident fund**

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

**Gratuity**

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

**Superannuation**

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

**Leave encashment**

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

**Long service awards**

Long service awards are other long term benefits to all eligible employees, as per Company's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

**m) Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

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

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

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

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

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

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

**n) Segment reporting**

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

**o) Earnings per share (EPS)**

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

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

**p) Provisions**

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

**q) Contingent liabilities**

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

**r) Cash and cash equivalents**

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

**s) Share based payments**

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

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

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

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

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

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

**s) Equity**

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

**t) Dividend**

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

**u) Business Combination**

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

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

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

**v Goodwill/ Gain on bargain purchase**

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

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**4. Share Capital**

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

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

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

**(In Million)**

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

**b) Terms / rights attached to equity shares**

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

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

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

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

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

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

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

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

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### 5.1 Property, plant and equipment

(In ₹ Million)

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

### 5.2 Right of use assets

(In ₹ Million)

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

* Note: Building includes those constructed on leasehold land:
a) Gross block as on March 31, 2022 ₹ 1,455.94 million (Previous year ₹ 1,454.60 million)
b) Depreciation charge for the year ₹ 59.07 million (Previous year ₹ 59.04 million)
c) Accumulated depreciation as on March 31, 2022 ₹ 617.14 million (Previous year ₹ 558.07 million)
d) Net block value as on March 31, 2022 ₹ 838.80 million (Previous year ₹ 896.53 million)

**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

| | Office premises | Leasehold land | Total |
|---|---|---|---|
| | | | **(In ₹ Million)** |
| **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** |

*(This space is intentionally left blank)*

### 5.3 Other intangible assets

(In ₹ Million)

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

(In ₹ Million)

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

### 5.4 Depreciation and amortization expense

(In ₹ Million)

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

**6. Non-current financial assets : Investments**

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

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

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

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

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

**7. Non-current financial assets : Loans**

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

**8. Other non-current financial assets**

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

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

**9. Deferred tax assets (net)**

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

**10. Other non-current assets**

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

**11. Current financial assets : Investments**

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

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

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

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**12. Trade receivables**

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

*Includes dues from related parties (refer note 31)

**13. Cash and cash equivalents**

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

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

**14. Bank balances other than cash and cash equivalents**

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

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

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

### 15. Current financial assets : Loans

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

### 16. Other current financial assets (refer note 31)

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

### 17. Other current assets

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

**18. Non-current financial liabilities : Borrowings**

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

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

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

**19. Lease liabilities**

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

**Movement of lease liabilities**

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

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**20. Non current liabilities : Provisions**

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

**21. Trade payables**

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

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

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

**22. Other current financial liabilities**

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

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

**23. Other current liabilities**

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

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

**24. Current liabilities : Provisions**

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

*(This space is intentionally left blank)*

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

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

**26. Other income**

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

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

**27. Personnel expenses**

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

*(This space is intentionally left blank)*

**28. Other expenses***

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

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

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**29. Earnings per share**

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

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

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**30. Financial assets and liabilities**

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

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

***Fair value hierarchy:**

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

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

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

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

**31. Related Party Transactions**

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

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

**32. Contingent liabilities**

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

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

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**33 Business Combination**

**a. Shree Infosoft Pvt. Ltd**

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

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

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

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

**b. Data Glove IT Solutions Private Limited**

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

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

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

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

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

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

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

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

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

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

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

**Shashi Tadwalkar**

Partner
Membership No.: 101797

Place: Pune
Date : April 27, 2022

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

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

Anand Deshpande

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

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

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

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

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