Persistent Systems Lanka (Private) Limited
Formerly known as Aepona Software (Private) Limited
BALANCE SHEET AS AT MARCH 31, 2021

	Notes	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
ASSETS			
Non-current assets			
Property, Plant and Equipment	5.1	9,510.25	7,498.59
Capital work-in-progress		-	1,794.13
Right of use assets	5.2	13,418.89	26,327.88
		22,929.14	**35,620.60**
Financial Assets			
-Long term loans	6	3,100.55	3,377.95
Deferred tax assets (net)	7	-	4,707.76
		3,100.55	**8,085.71**
		26,029.69	**43,706.31**
Current assets			
Financial assets			
- Trade receivables	8	10,041.67	67,784.26
- Cash and cash equivalents	9	215,231.52	131,373.62
- Other financial assets	10	936.19	852.79
Other current assets	11	3,233.23	5,494.74
		229,442.61	**205,505.41**
TOTAL		**255,472.30**	**249,211.72**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4	5.40	5.40
Other equity		182,183.74	171,278.01
		182,189.14	**171,283.41**
LIABILITIES			
Non- current liabilities			
Financial liabilities			
Provisions	12	25,848.65	19,669.47
Other long-term liabilities	13	3,144.18	12,712.91
		28,992.83	**32,382.38**
Current liabilities			
Financial liabilities			
- Trade payables	14	6,232.24	7,500.54
- Other financial liabilities	15	11,989.56	14,387.82
Other current liabilities	16	493.30	537.56
Provisions	17	18,905.80	15,688.56
Current tax liabilities (net)		6,669.43	7,431.45
		44,290.33	**45,545.93**
TOTAL		**255,472.30**	**249,211.72**
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

For and on behalf of the Board of Directors of
Persistent Systems Lanka (Private) Limited

per C.K. Joshi
Partner
Membership No. 030428

Place: Pune
Date : April 26, 2021

Sunil Sapre
Director

Place: Pune
Date : April 26, 2021

Narasinha Upadhye
Director

Place: Pune
Date : April 26, 2021

Persistent Systems Lanka (Private) Limited

Formerly known as Aepona Software (Private) Limited

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

	Notes	For year ended	
		March 31, 2021 (In ₹'000)	March 31, 2020 (In ₹'000)
Income			
Revenue from operations	18	205,017.49	205,157.11
Other income	19	15,990.67	10,505.14
Total revenue (A)		**221,008.16**	**215,662.25**
Expenses			
Employee benefits expense	20.1	151,146.00	131,151.05
Cost of technical professionals	20.2	-	203.69
Finance costs		2,348.94	2,564.05
Depreciation and amortization expense	5.3	16,486.13	12,406.50
Other expenses	21	14,096.66	31,760.03
Total expenses (B)		**184,077.73**	**178,085.32**
Profit /(loss) before tax (A - B)		**36,930.43**	**37,576.93**
Tax expense			
Current tax		771.07	5,500.33
Tax credit in respect of earlier years		(943.47)	(1,365.69)
Deferred tax charge / (credit)		4,639.39	399.47
Total tax expense		**4,466.99**	**4,534.11**
Net profit/(loss) for the year (C)		**32,463.44**	**33,042.82**
Other comprehensive income			
Items that will not be reclassified to profit or loss (D)			
- Remeasurements of the defined benefit liabilities / (asset)		(5,688.89)	(3,878.01)
		(5,688.89)	**(3,878.01)**
Items that will be reclassified to profit or loss (E)			
- Exchange differences in translating the financial statements of foreign operations		(15,868.82)	2,339.66
Total other comprehensive income for the year (D) + (E)		**(21,557.71)**	**(1,538.35)**
Total comprehensive income for the year (C) + (D) + (E)		**10,905.73**	**31,504.47**
Earnings per equity share	22		
[Nominal value of share LKR 100 (Previous year: LKR 100)]			
Basic (In ₹)		277,465.30	282,417.26
Diluted (In ₹)		277,465.30	282,417.26
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For JOSHI APTE & Co.	**For and on behalf of the Board of Directors of**	
Firm registration no. 104370W	**Persistent Systems Lanka (Private) Limited**	
Chartered Accountants		
per C.K. Joshi	Sunil Sapre	Narasinha Upadhye
Partner	Director	Director
Membership No. 030428		
Place: Pune	Place: Pune	Place: Pune
Date : April 26, 2021	Date : April 26, 2021	Date : April 26, 2021

Persistent Systems Lanka (Private) Limited
Formerly known as Aepona Software (Private) Limited

CASH FLOW STATEMENT FOR YEAR ENDED MARCH 31, 2021

		For year ended	
		March 31, 2021 (In ₹'000)	March 31, 2020 (In ₹'000)
Cash flow from operating activities			
Profit before tax		**36,930.43**	**37,576.93**
Adjustments for:			
Depreciation and amortization expense		16,486.13	12,406.50
Interest income		(4,658.41)	(6,703.06)
Remeasurements of the defined benefit liabilities / (asset)		(5,688.89)	(3,878.01)
Exchange (gain)/loss on translation of foreign currency cash and cash equivalents		(1.63)	(2.48)
Currency translation reserve		(15,868.82)	2,339.66
Excess provision written back		-	(3,802.08)
Unrealised exchange (gain)/loss		14,999.20	5,867.16
Sundry balances written off		-	3,802.08
Finance costs		2,348.94	2,564.05
Operating profit before working capital changes		**44,546.95**	**50,170.75**
Movements in working capital :			
(Increase)/Decrease in trade receivables		42,714.73	896.40
(Increase)/Decrease in loans and advances		(2,072.02)	(5,164.55)
Increase/(Decrease) in trade payables and current liabilities (including short term borrowings)		(13,200.74)	2,957.70
Increase/(Decrease) in provisions		9,396.42	413.07
Operating profit after working capital changes		**81,385.34**	**49,273.37**
Direct taxes paid (net of refunds)		-	-
Net cash generated from operating activities	**(A)**	**81,385.34**	**49,273.37**
Cash flow from investing activities			
Payment towards capital expenditure		6,659.47	(21,490.48)
Interest received on bank deposits		4,764.50	5,974.49
Net cash (used in) investing activities	**(B)**	**11,423.97**	**(15,515.99)**
Cash flow from financing activities		(8,953.04)	**-**
Net cash generated from financing activities	**(C)**	**(8,953.04)**	**-**
Net increase in cash and cash equivalents **(A + B + C)**		**83,856.27**	**33,757.38**
Cash and cash equivalents at the beginning of the year		131,373.62	97,613.77
Exchange difference on translation of foreign currency cash and cash equivalents		1.63	2.47
Cash and cash equivalents at the end of the reporting year.		**215,231.52**	**131,373.62**

Components of cash and cash equivalents

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Balances with banks		
- on current account	3,703.32	5,562.62
- on deposit account	211,528.20	125,811.00
Cash and cash equivalents in cash flow statement as per note 9	**215,231.52**	**131,373.62**

Summary of significant accounting policies (refer note 3)

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per C.K. Joshi
Partner
Membership No. 030428

Place: Pune
Date : April 26, 2021

For and on behalf of the Board of Directors of
Persistent Systems Lanka (Private) Limited

Sunil Sapre
Director

Place: Pune
Date : April 26, 2021

Narasinha Upadhye
Director

Place: Pune
Date : April 26, 2021

Persistent Systems Lanka (Private) Limited
Formerly known as Aepona Software (Private) Limited

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

A. Equity Share Capital (Refer note 4)

(In ₹'000)

Balance as at April 1, 2020	Changes in equity share capital during the year	Balance as at March 31, 2021
5.40	-	5.40

(In ₹'000)

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
5.40	-	5.40

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Persistent Systems Lanka (Private) Limited
Formerly known as Aepona Software (Private) Limited
STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED MARCH 31, 2021

B. Other equity

(In ₹'000)

Particulars	Reserves and surplus	Items of other comprehensive income	Total
	Retained earnings	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2020	187,250.76	(15,972.75)	171,278.01
Remeasurements of the defined benefit liabilities / (asset)	(5,688.89)	-	(5,688.89)
Other comprehensive income for the year	-	(15,868.82)	(15,868.82)
Net profit for the year	32,463.44	-	32,463.44
Balance at March 31, 2021	**214,025.31**	**(31,841.57)**	**182,183.74**

(In ₹'000)

Particulars	Reserves and surplus	Items of other comprehensive income	Total
	Retained earnings	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2019	158,085.95	(18,312.41)	139,773.54
Remeasurements of the defined benefit liabilities / (asset)	(3,878.01)	-	(3,878.01)
Other comprehensive income for the year	-	2,339.66	2,339.66
Net profit for the year	33,042.82	-	33,042.82
Balance at March 31, 2020	**187,250.76**	**(15,972.75)**	**171,278.01**

Nature and purpose of reserves

a) Foreign currency translation reserve

The 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.

As per our report of even date

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

For and on behalf of the Board of Directors of
Persistent Systems Lanka (Private) Limited

per C.K. Joshi
Partner
Membership No. 030428

Place: Pune
Date : April 26, 2021

Sunil Sapre
Director

Place: Pune
Date : April 26, 2021

Narasinha Upadhye
Director

Place: Pune
Date : April 26, 2021

Notes forming part of financial statements

1. Nature of operations

Aepona Software (Private) Limited (a Sri Lanka based wholly owned subsidiary of Valista 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. The principal activities of the Company are as follows:

- To carry on the business of application and systems developers, systems integrators, program and systems analysts, program and systems designers, program and systems testers and IT project managers for foreign customers.
- To specify, design, develop and test software applications for foreign customers.
- To install, maintain, manage and operate computer systems for foreign customers.

2. Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments and 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.

Statement of compliance:

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016..

3. Summary of significant accounting policies

(a) Use of estimates

The preparation of the financial statements are in conformity with the recognition and measurement principles of Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Critical accounting estimates

i. Revenue recognition

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

ii. Income taxes

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

iii. Property, plant and equipment

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

iv. Provisions

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

v.Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

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

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

Impact on hedged and unhedged foreign currency exposure:
Based on its assessment, the Company believes that the probability of occurrence of its forecasted transactions are not likely to be impacted by COVID – 19. Hence, the Company continues to believe that there is no foreseeable impact on the effectiveness of its cash flow hedges due to this global pandemic.

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

Impact on revenue:
The Company continues to re-evaluate the probable revenues from customers in various verticals to assess any possible drops in revenue from any of these verticals due to the economic stress caused by COVID – 19. Accordingly, it is the opinion of the Company that the customers could re-prioritise their discretionary spend in the immediate future to conserve resources.
The impact assessment of COVID – 19 is a continuing process given the uncertainties associated with its nature and duration. The Company has considered the same to the extent known currently and has taken steps to measure the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays and costs in meeting its obligations.
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(b) Accounting year

The accounting year of the Company is from January 01 to December 31. These financial statements have been prepared only for the purpose of consolidation.

(c) Functional currency

The Company's functional currency is LKR.

(d) Property, Plant and Equipment

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

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value 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 year 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.

(e) Intangible assets

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

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

Research and development cost

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

(f) Depreciation and amortization

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

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

Assets	Useful lives
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	3 to 5 years
Furniture and fixtures*	5 years
Vehicles*	5 years

*For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

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

Leasehold land is amortized on straight line basis over the period of the lease. 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 commencing from the day the asset is made available for use.

(g) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified as:

- **Financial assets at amortized cost**

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

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For the purpose of subsequent measurement, financial liabilities are classified as:

- **Financial liabilities at amortized cost**

  Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance costs in the statement of profit and loss.

- **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 as at fair value through profit or loss if the recognition criteria as per Ind AS 109 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 at FVTPL.

(h) Impairment

i) 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.

ii) Non-financial assets

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

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial period / year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(i) Borrowing costs

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

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

(j) Leases

Where the Company is a lessee

Leases that transfers substantially all the risks and rewards incidental to ownership to the Company are classified as finance leases.

Finance leases are capitalized at the lower of the inception date fair value of the leased assets and the present value of the minimum lease payments.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Operating lease payments are recognized as an expense in the statement of profit and loss as per the terms of the lease agreements.

Ind AS 116 Leases: On March 30, 2020, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2020 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Company. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Income from software services

Effective April 1, 2019, the Company adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2019. In accordance with the cumulative catch-up transition method, the previous period’s/ year’s amounts have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 was insignificant.

The company derives revenues primarily from IT services comprising of software development and related services and from the licensing of software products.
Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.
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.
The company has applied the principles under Ind AS 115 to account for revenues from these performance obligations.

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 royalty is recognized in accordance with the terms of the relevant agreements.

The company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the proportionate allocation of the discounts amount to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

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 Value added taxes (VAT) on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head ‘Other income’ in the statement of profit and loss.

(iii) Dividend

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

(l) Foreign currency translation

(i) Foreign currency transactions and balances

Initial recognition

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

Exchange differences

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

Forward exchange contracts not intended for trading or speculation purposes, classified as derivative financial instruments

As per the accounting principles laid down in Ind AS 109 – "Financial Instruments" relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss / (gain) is debited / (credited) to the hedge reserve under other comprehensive income and the ineffective portion is recognized to the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized in hedge reserve under other comprehensive income is transferred to the statement of profit and loss when the forecasted transaction occurs or affects profit or loss or when a hedged transaction is no longer expected to occur.

Translation of foreign operations

The Company presents the financial statements in INR which is the functional currency of the parent company.

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

(m) Retirement and other employee benefits

(i) Provident fund

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

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under 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. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

(iii) Leave encashment

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

The Company 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.

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

(n) Income taxes

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

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

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

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

(o) Earnings per share (EPS)

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

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

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

(p) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate 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. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(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.

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4. Share capital

	As at March 31, 2021	As at March 31, 2020
Authorized shares		
117 Equity shares of LKR 100 each.	**LKR 11.70**	**LKR 11.70**
	LKR 11.70	**LKR 11.70**
Issued, subscribed and paid-up (in ₹'000)		
117 Equity shares of LKR 100 each fully paid-up.	5.40	5.40
Issued, subscribed and fully paid-up share capital	5.40	5.40

All the shares are held by Aepona Group Limited.

Reconciliation of the shares outstanding at the beginning and at the end of the year.

There is no movement in the shares outstanding at the beginning and at the end of the reporting year.

Persistent Systems Lanka (Private) Limited
Formerly known as Aepona Software (Private) Limited
Notes forming part of financial statements

5.1 Property, Plant and Equipment

(In ₹'000)

	Computers	Plant and equipment	Leasehold improvements	Furniture and fixtures	Total
Gross block (At cost)					
As at April 1, 2020	42,400.52	3,404.04	41.94	1,748.85	47,595.35
Additions*	7,576.75	192.01	-	-	7,768.76
Disposals	261.31	-		-	261.31
- Exchange differences	(3,983.90)	(292.72)	(3.45)	(143.63)	(4,423.70)
As at March 31, 2021	**45,732.06**	**3,303.33**	**38.49**	**1,605.22**	**50,679.10**
Depreciation and amortization					
As at April 1, 2020	35,410.29	2,997.32	41.94	1,647.21	40,096.76
Charge for the year	4,728.76	177.13	-	41.88	4,947.77
Disposals	261.31	-		-	261.31
- Exchange differences	(3,214.47)	(258.31)	(3.45)	(138.14)	(3,614.37)
As at March 31, 2021	**36,663.27**	**2,916.14**	**38.49**	**1,550.95**	**41,168.85**
Net block					
As at March 31, 2021	**9,068.79**	**387.19**	**-**	**54.27**	**9,510.25**
As at March 31, 2020	**6,990.23**	**406.72**	**-**	**101.64**	**7,498.59**

(In ₹'000)

	Computers	Plant and equipment	Leasehold improvements	Furniture and fixtures	Total
Gross block (At cost)					
As at April 1, 2019	34,068.62	3,358.87	41.38	1,725.64	39,194.51
Additions	7,751.51	-	-	-	7,751.51
- Exchange differences	580.39	45.17	0.56	23.21	649.33
As at March 31, 2020	**42,400.52**	**3,404.04**	**41.94**	**1,748.85**	**47,595.35**
Depreciation and amortization					
As at April 1, 2019	31,435.74	2,779.60	30.65	1,570.07	35,816.06
Charge for the year	3,496.66	177.54	10.71	55.16	3,740.07
- Exchange differences	477.89	40.18	0.58	21.98	540.63
As at March 31, 2020	**35,410.29**	**2,997.32**	**41.94**	**1,647.21**	**40,096.76**
Net block					
As at March 31, 2020	**6,990.23**	**406.72**	**-**	**101.64**	**7,498.59**
As at March 31, 2019	**2,632.88**	**579.27**	**10.73**	**155.57**	**3,378.45**

* Out of the total computer equipments capitalised during the year, 16 computer equipments have been transferred from Aepona Limited without any consideration in March 2020. These assets have been capitalised at nominal value of LKR 1/-

5.2 Right-of-use Asset

(In ₹'000)

	As at March 31, 2021	As at March 31, 2020
Gross block (At cost)		
As at April 1, 2019	35,130.96	-
Additions (Transitional impact on adoption of Ind AS 116)	-	34,585.62
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	(2,885.06)	545.34
As at March 31, 2020	**32,245.90**	**35,130.96**
Amortization and impairment		
As at April 1, 2019	8,803.08	-
Charge for the period	11,538.36	8,666.43
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	(1,514.43)	136.65
As at March 31, 2020	**18,827.01**	**8,803.08**
Net block	**13,418.89**	**26,327.88**

5.3 Depreciation and amortization expense

(In ₹'000)

	For year ended March 31, 2021	For year ended March 31, 2020
Property, Plant and Equipment	4,947.77	3740.07
Right of Use of Assets	11,538.36	8,666.43
	16,486.13	**12,406.50**

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6. Non Current Financial Assets- Loans

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Carried at amortised cost		
Security Deposits		
Unsecured, considered good	3,100.55	3,377.95
Less : Allowance for bad and doubtful deposits	-	-
	3,100.55	**3,377.95**

7. Deferred tax assets (net)

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Deferred Tax Assets		
Differences in book values and tax base values of property, plant and equipment and other intangible assets.	-	284.54
Provision for leave encashment	-	738.51
Provision for Gratuity	-	2,857.98
Provision for performance and retention bonus	-	1,353.63
Deferred Tax Liabilities		
Difference in book value and tax base value of ROU asset and lease liability	-	(526.91)
	-	**4,707.76**

8. Trade receivables

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Outstanding for a period less than six months from the date they are due for payment (Refer note 25)		
Unsecured, considered good	10,041.67	67,784.26
Unsecured, considered doubtful	-	-
	10,041.67	**67,784.26**
Less : Provision for doubtful receivables	**-**	-
	10,041.67	**67,784.26**

9. Cash and cash equivalents

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Cash and cash equivalents as presented in cash flow statement		
Balances with banks		
On current accounts	3,703.32	5,562.62
On deposit account	211,528.20	125,811.00
	215,231.52	**131,373.62**

10. Other financial assets

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Deposits	10.08	10.98
Advances to related parties		
-Persistent Systems Pte Ltd	190.39	
Interest accrued in fixed deposits	735.72	841.81
	936.19	**852.79**

11. Other current assets

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Advances recoverable in cash or kind or for value to be received	2,841.55	5,116.88
VAT receivable (net)	391.68	377.86
	3,233.23	**5,494.74**

12. Non-Current Provisions

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Provision for employee benefits		
- Gratuity (refer note 24)	25,848.65	19,669.47
	25,848.65	**19,669.47**

13. Other long term financial liabilities

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Lease liabilities	12,634.10	22,640.78
Less: Current maturity of lease liabilities	(9,489.92)	(9,927.87)
	3,144.18	**12,712.91**

Movement of lease liabilities

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
	22,640.78	
Addition		34,585.62
Add: Interest recognised during the period	2,369.74	2,564.05
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	(1,053.64)	351.46
Less: Payments made	(11,322.78)	(14,860.35)
Closing balance	**12,634.10**	**22,640.78**

Notes forming part of financial statements

14. Trade payables

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Trade payables for goods and services (refer note 25)	6,232.24	7,500.54
	6,232.24	**7,500.54**

15. Other financial liabilities

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Advance from related parties (Unsecured, considered good) (refer note 25)		
Aepona Limited UK	-	586.19
Persistent Systems Inc.	-	1,190.44
Persistent Systems Ltd	2,499.64	2,683.32
	2,499.64	**4,459.95**
Lease Liability- Current Maturity	9,489.92	9,927.87
	11,989.56	**14,387.82**

16. Other current liabilities

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Other payables		
- Other liabilities	493.30	537.56
	493.30	**537.56**

17. Current Provisions

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Provision for employee benefits		
- Gratuity (refer note 24)	818.02	744.70
- Leave encashment	5,841.93	5,275.09
- Other employee benefits	12,245.85	9,668.77
	18,905.80	**15,688.56**

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18. Revenue from operations

	For year ended	
	March 31, 2021 (In ₹'000)	**March 31, 2020 (In ₹'000)**
Software services (refer note 25)	205,017.49	205,157.11
	205,017.49	**205,157.11**

The table below presents disaggregated revenues from contracts with customers by offerings, segments, geography and customers' industry type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	For year ended	
	March 31, 2021 (In ₹'000)	**March 31, 2020 (In ₹'000)**
Segment wise disclosure		
Industrial Segments	205,017.49	205,157.11
BFSI	-	-
LSHC	-	-
Total	**205,017.49**	**205,157.11**
Geographical disclosure		
India	54,219.83	93,558.37
North America	42,233.22	8,609.54
Rest of the World	108,564.44	102,989.21
Total	**205,017.49**	**205,157.12**
Onsite / offshore		
IP Led	**-**	**-**
Offshore	205,017.49	205,157.11
Onsite	-	-
Total	**205,017.49**	**205,157.11**

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially) satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts and also those which pertain to contracts with original expected duration of one year or less.

19. Other income

	For year ended March 31, 2021 (In ₹'000)	For year ended March 31, 2020 (In ₹'000)
Interest income		
On financial assets carried at amortised cost	4,658.41	6,703.06
Foreign exchange gain (net)	10,472.29	-
Miscellaneous income	859.97	-
Excess provision in respect of earlier periods/ years written back	-	3,802.08
	15,990.67	**10,505.14**

20. Personnel expenses

	For year ended March 31, 2021 (In ₹'000)	For year ended March 31, 2020 (In ₹'000)
20.1. Employee benefits expense		
Salaries, wages and bonus	127,167.06	107,787.23
Contribution to provident and other funds	16,814.20	14,862.13
Gratuity expenses	4,822.33	4,381.28
Staff welfare and benefits	2,342.41	4,120.41
	151,146.00	**131,151.05**
20.2. Cost of technical professionals		
Technical professionals - others	-	203.69
	-	**203.69**
	151,146.00	**131,354.74**

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21. Other expenses

	For year ended March 31, 2021 (In ₹'000)	For year ended March 31, 2020 (In ₹'000)
Travelling and conveyance	69.25	822.76
Electricity expenses (net)	2,252.26	4,978.33
Internet link expenses	1,865.37	2,043.81
Communication expenses	165.88	143.38
Recruitment expenses	356.02	13.23
Training and seminars	372.78	367.49
Purchase of software licenses and support expenses	261.18	232.02
Rent	492.46	4,238.15
Insurance	200.91	112.94
Rates and taxes	435.55	1,869.52
Legal and professional fees	1,325.41	1,135.47
Repairs and maintenance		
- Plant and Machinery	1,533.04	1,388.21
- Buildings	63.09	74.95
- Others	23.53	30.26
Advertisement and sponsorship fees	38.83	73.59
Computer consumables	102.24	248.49
Auditors' remuneration (Refer note 28)	420.30	463.58
Donations	2,660.88	-
Books, memberships, subscriptions	389.42	587.52
Foreign exchange loss (net)	-	7,561.88
Sundry balances written off	-	3,802.08
Miscellaneous expenses	1,068.26	1,572.37
	14,096.66	**31,760.03**

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Notes forming part of financial statements

22. Earnings per share

		For year ended	
		March 31, 2021	**March 31, 2020**
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ₹'000)	(A)	32,463.44	33,042.82
Denominator for Basic EPS			
Weighted average number of equity shares	(B)	117	117
Denominator for Diluted EPS			
Number of equity shares	(C)	117	117
Basic Earnings per share of face value of LKR 100 each (In ₹)	(A/B)	**277,465.30**	**282,417.26**
Diluted Earnings per share of face value of LKR 100 each (In ₹)	(A/C)	**277,465.30**	**282,417.26**

	For year ended	
	March 31, 2021	**March 31, 2020**
Number of shares considered as basic weighted average shares outstanding	117	117
Add: Effect of dilutive issues of stock options	-	-
Number of shares considered as weighted average shares and potential shares outstanding	**117**	**117**

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23. Contingent liabilities:

The Company does not have any contingent liability as on March 31, 2021 (March 31, 2020 - ₹ Nil).

24. Gratuity:

The Company has a defined benefit gratuity plan. Each employee is eligible for gratuity on completion of minimum five years of service at 15 days basic salary (last drawn basic salary) for each completed year of service. The scheme is unfunded.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense (recognized in statement of profit and loss):

(In ₹'000)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	2,813.68	2,474.30
Interest cost on benefit obligation	2,008.66	1,906.98
Past Service Cost- (non vested benefits)	-	-
Past Service Cost -(vested benefits)	-	-
Interest income	-	-
Net benefit expense	**4,822.23**	**4,381.28**
Net actuarial (gain) / loss recognized in the year	5,688.89	3,878.01

Balance sheet:

Changes in the fair value of plan assets (recognized in the Balance Sheet) are as follows:

(In ₹'000)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening fair value of plan assets	-	-
Interest received and accrued during the year/ adjustment to opening balance	-	-
Expected return / adjustment	-	-
Contribution by employer	1,961.53	5,407.10
Benefits paid	(1,961.53)	(5,407.10)
Actuarial gains / (losses)	-	-
Closing fair value of plan assets	-	-

Changes in the present value of the defined benefit obligation (recognized in Balance Sheet) are as follows:

(In ₹'000)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening defined benefit obligation	20,414.17	17,200.43
Adjustment to opening balance		
Interest cost	2,006.61	1,906.98
Current service cost	2,810.82	2,474.30
Past Service Cost- (non-vested benefits)	-	-
Past Service Cost -(vested benefits)	-	-
Benefits paid	(1,961.53)	(5,407.10)
Experience adjustment on plan liabilities	-	-
Actuarial (gains) / losses on obligation	5,688.89	3,878.01
Exchange gain	(2,292.29)	361.55
Closing defined benefit obligation	**26,666.67**	**20,414.17**

Benefit asset/ (liability)

(In In ₹'000)

	As at	
	March 31, 2021	**March 31, 2020**
Fair value of plan assets	-	-
(Less) : Defined benefit obligations	(26,666.67)	(20,414.17)
Plan asset / (liability)	**(26,666.67)**	**(20,414.17)**

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

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

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

As at March 31, 2021, every percentage point increase / decrease in discount rate will affect the gratuity benefit obligation by approximately Rs(2,950.17)Thousand / 3,526.83 Thousand respectively.

As at March 31, 2020, every percentage point increase / decrease in discount rate will affect the gratuity benefit obligation by approximately Rs.3,529.33 Thousand / (2,995.58) Thousand respectively.

Amounts for the current and previous years are as follows:

(In ₹'000)

	As at	
	March 31, 2021	**March 31, 2021**
Plan assets	-	-
Defined benefit obligation	(2,666.67)	(20,414.17)
(Deficit)	(2,666.67)	(20,414.17)
Experience adjustments on plan liabilities	5,688.89	3,878.01
Experience adjustments on plan assets	-	-

25. Related Party Disclosure:

i) Names of related parties and their related party relationships
Holding Company
-Aepona Limited
Companies under the same management
-Persistent Systems Limited
-Persistent Systems Inc.
-Persistent Telecom Solutions Inc
-Persistent Systems Malaysia Sdn Bhd
-Aepona Limited

ii) Related Party Transactions (₹'000)

Nature of Transaction	Name of related party	Year ended March 31, 2021	Year ended March 31, 2020
Sale of Services	Aepona Limited	108,564.44	102,989.21
	Persistent Systems Inc	38,185.71	5,834.24
	Persistent Telecom Solutions Inc	4,047.51	2,775.30
	Persistent Systems Ltd	54,219.83	93,558.37

iii) Balances Outstanding (In ₹'000)

Particulars	Name of related party	As at March 31, 2021	As at March 31, 2020
Share Capital	Aepona Limited	5.40	5.40
Advance received	Persistent Systems Ltd	2,499.64	2,683.32
	Persistent Systems Inc	-	1,190.44
	Aepona Ltd	-	586.19
Advance Given	Persistent Systems Pte.Ltd	190.39	-
Trade Receivables	Aepona Limited	4,736.68	19,518.90
	Persistent Systems Inc	4,626.82	170.00
	Persistent Telecom Solutions Inc	957.08	2,022.66
	Persistent Systems Ltd	(351.81)	45,997.26
	Persistent Systems Malaysia Sdn Bhd	72.89	75.44
Trade Payables	Persistent Systems Inc	-	-
	Persistent Systems Limited	530.05	148.98
	Persistent Telecom Solutions Inc	-	-

26. Unhedged exposures outstanding at the end of the year:

	31-Mar-21			31-Mar-20		
Particulars	**Foreign currency**	**Conversion rate**	**Amount in INR('000)**	**Foreign currency**	**Conversion rate**	**Amount in INR('000)**
Trade Receivables	GBP 47.04	100.68	4,736.68	GBP 154.48	93.49	14,441.68
	USD 77.38	73.11	5,656.79	USD 96.08	75.66	7,629.88
	INR (351.81)	1.00	(351.81)			
Other financial liabilities	INR 2,499.64	1.00	2,499.64	INR 2,683.32	1.00	2,683.32
	-	-	-	USD 15.73	75.66	1,190.44
	-	-	-	GBP 6.27	93.49	586.19
Cash and cash equivalents	USD 0.45	73.10	32.71	USD 0.44	75.66	33.85
Trade payables	USD 1.12	73.11	81.52	USD 2.61	75.66	197.74

27. Financial Risk Management

Financial risk factors and risk management objectives

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company's exposure to credit risk is mainly for receivables that are overdue for more than 90 days. The Credit Task Force of the Group is responsible for credit risk management. The liquidity needs are managed by funding from / to the group companies. The Group's Risk Management Committee monitors risks and policies implemented to mitigate risk exposures.

Market risk:

The following table analyses foreign currency risk from financial instruments:

(In ₹000)

	March 31, 2021	March 31, 2020
Trade receivables	10,041.66	21,711.56
Cash and cash equivalents and bank balances	32.71	33.85
Investments (including share application money)	-	-
Other financial assets (including loans)	-	-
Trade payables	530.05	197.74
Other financial liabilities	2,499.64	4,459.95

Foreign currency sensitivity analysis:

For the year ended March 31, 2021 every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, has affected the Company's profit before tax margin (PBT) by approximately 2.21% and 2.21% respectively.

Credit risk:

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs.10,041.67 Thousand and Rs. 67,784.26 Thousand as at March 31, 2021 and March 31, 2020, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk is managed by the Company by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables.

Credit risk is perceived mainly in case of receivables overdue for more than 90 days. The following table gives details of risk concentration in respect of percentage of receivables overdue for more than 90 days:

	As at	
	March 31, 2021	March 31, 2020
Receivables overdue for more than 90 days	14.79	46,074.05
Total receivables	10,041.67	67,784.26
Overdue for more than 90 days as a % of total receivables	68%	68%

Ageing of trade receivables:

(In ₹000)

	As at	
	March 31, 2021	March 31, 2020
Within the credit period	10,026.88	21,080.21
1 to 30 days past due	-	-
31 to 60 days past due	-	-
61 to 90 days past due	-	-
91 to 120 days past due	-	19,046.81
121 and above past due	14.79	27,657.24
Less: Expected credit loss	-	-
Net trade receivables	**10,041.67**	**67,784.26**

Movement in expected credit loss allowance:

(In ₹000)

	As at	
	March 31, 2021	March 31, 2020
Opening balance	-	-
Movement in expected credit loss allowance	-	-
Translation differences	-	-
Closing balance	**-**	**-**

Liquidity risk:

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The liquidity needs are managed by funding from / to the group companies. The working capital needs are met by availing intercorporate loans from the group companies whenever needed.

As at March 31, 2021, the Company had a working capital of Rs. 185,152.28 Thousand including cash and cash equivalents of Rs. 215,231.52 Thousand. As at March 31, 2020, the Company had a working capital of Rs. 159,959.48 Thousand including cash and cash equivalents of Rs. 131,373.62Thousand.

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

(In ₹000)

	As at			
	March 31, 2021		March 31, 2020	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Trade payables	6,232.24	-	7,500.54	-
Other financial liabilities	11,989.56	28,332.38	14,387.82	32,382.38

28. Auditors Remuneration:

(In ₹000)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Audit fee	420.30	463.58

29. Income Taxes:

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before tax is summarized below:

(In ₹000)

Particulars	March 31, 2021	March 31, 2020
Profit before tax	36,930.43	37,576.92
Enacted tax rate	28.00%	28.00%
Computed tax expense at enacted tax rate	10,340.53	10,521.54
Non deductible expenses	4,639.39	639.05
Effect of concessions (Tax Holidays)	(9,688.36)	(5,260.78)
Effect of previously unrecognised unused tax losses now recognised as deferred tax assets		-
Prior period tax credit	(824.58)	(1,365.69)
Income tax expense	4,466.99	4,534.11

30. Capital commitments:

The estimated amount of contracts remaining to be executed on Capital account and not provided for, net of advances is ₹ Nil (March 2021 – Rs. Nil).

31. Ministry of Corporate Affairs (MCA), vide its notification dated March 24, 2021, amended Schedule III of the Companies Act, 2013 with effect from April 1, 2021.

Management is of the view that since the changes are applicable from April 1, 2021, those are applicable for the financial year commencing from April 1, 2021 and are applicable to Financial statements issued in respect of accounting years commencing on or after April 1st, 2021.

Therefore, related disclosures are not considered in these financial statements for the year ended on 31.03.2021, although issued after 1st April 2021.

32. The financial statements are presented in ₹'000 except for per share information or as otherwise stated.

33. Previous period's figures have been regrouped where necessary to conform to current period's classification.

As per our report of even date

For Joshi Apte & Co., **Firm registration no. 104370W** **Chartered Accountants**	**For and on behalf of the Board of Directors of** **Persistent Systems Lanka (Private) Limited**	
per C.K. Joshi Partner Membership No.030428 Place: Pune Date: April 26, 2021	Sunil Sapre Director Place: Pune Date: April 26,2021	Narasinha Upadhye Director Place: Pune Date: April 26, 2021