

Persistent Systems, Inc.

Condensed Interim Balance Sheet as at September 30, 2023

	Notes	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
ASSETS				
Non-current assets				
Property, plant and equipment	4.1	181.34	103.51	186.80
Capital work-in-progress		14.69	14.14	4.93
Right-of-use assets	4.2	276.00	284.15	312.18
Goodwill	4.3	3,665.61	227.02	3,627.20
Other intangible assets	4.4	2,156.99	5,740.29	2,398.40
		6,294.63	6,369.11	6,529.51
Financial assets				
- Trade receivables	10	663.80	-	601.74
- Investments	5	8,008.01	8,772.84	8,861.27
- Loans	7	946.05	224.64	419.33
- Other non current financial assets	8	23.60	19.16	16.78
Deferred tax assets (net)	6	605.10	578.13	448.34
Other non-current assets	9	57.62	57.91	61.57
	(A)	16,598.81	16,021.79	16,938.54
Current assets				
Financial assets				
- Trade receivables	10	9,873.43	8,027.45	9,260.85
- Cash and cash equivalents	11	852.53	1,486.48	1,841.48
- Loans	12	-	218.73	241.21
- Other current financial assets	13	2,975.83	2,049.11	2,359.62
Current tax assets (net)		238.91	56.20	261.64
Other current assets	14	465.18	327.65	362.94
	(B)	14,405.88	12,165.62	14,327.74
TOTAL	(A)+(B)	31,004.69	28,187.41	31,266.28
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	15	4,729.74	4,729.74	4,729.74
Other equity		1,708.02	1,859.07	2,337.08
	(A)	6,437.76	6,588.81	7,066.82
LIABILITIES				
Non-current liabilities				
Financial liabilities				
- Borrowings	16	929.59	3,107.12	2,029.14
- Lease liabilities	17	175.59	188.82	205.86
- Other financial liabilities	17(a)	676.88	2,436.43	3,506.58
Other non-current liabilities	20	20.11	-	24.90
	(B)	1,802.17	5,732.37	5,766.48
Current liabilities				
Financial liabilities				
- Borrowings	16	2,242.08	2,196.45	2,218.59
- Lease liabilities	17	118.57	110.97	126.81
- Trade payables	18	10,340.52	7,416.24	8,685.84
- Other financial liabilities	19	5,522.26	3,573.40	3,092.28
Other current liabilities	20	3,204.88	1,117.90	2,592.94
Provisions	21	1,336.45	1,451.27	1,716.52
	(C)	22,764.76	15,866.23	18,432.98
TOTAL	(A)+(B)+(C)	31,004.69	28,187.41	31,266.28

Summary of significant accounting policies 3

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

As per our report of even date

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

For and on behalf of the Board of Directors of
Persistent Systems, Inc.

Shashi Tadwalkar
Partner
Membership No. :- 101797

Dr. Anand Deshpande
Director

Thomas Klein
Director

Place: Pune
Date : October 16, 2023

Place: Pune
Date : October 16, 2023

Place: Santa Clara
Date : October 16, 2023

Persistent Systems, Inc.**Condensed interim statement of profit and loss for the quarter and half year ended September 30, 2023**

	Notes	For the quarter ended		For the half year ended		For the year ended
		September 30, 2023 (In ₹ Million)	September 30, 2022 (In ₹ Million)	September 30, 2023 (In ₹ Million)	September 30, 2022 (In ₹ Million)	March 31, 2023 (In ₹ Million)
Income						
Revenue from operations (net)	22	13,889.52	11,607.99	27,473.25	22,129.96	47,188.26
Other income	23	142.81	10.26	204.05	91.19	196.32
Total income	(A)	14,032.33	11,618.25	27,677.30	22,221.15	47,384.58
Expenses						
Employee benefit expenses	24.1	4,563.68	3,344.78	8,736.57	6,296.24	13,522.86
Cost of professionals	24.2	8,204.92	6,901.39	15,884.76	13,066.65	28,202.91
Finance cost		85.24	79.56	175.08	136.95	333.80
Depreciation and amortization expense	4.5	188.93	153.38	371.50	337.28	658.77
Other expenses	25	838.40	627.34	3,251.38	1,272.51	2,979.34
Total expenses	(B)	13,881.17	11,106.45	28,419.29	21,109.63	45,697.68
(Loss)/Profit before tax	(A)-(B)	151.16	511.80	(741.99)	1,111.52	1,686.90
Tax expense						
Current tax charge		71.73	26.33	92.12	56.28	67.04
Tax charge in respect of earlier period/year		-	-	-	-	6.54
Deferred tax (credit)/charge		(72.95)	65.67	(136.17)	135.65	271.30
Total tax (credit)/expense		(1.22)	92.00	(44.05)	191.93	344.88
Net Profit/(Loss) for the period/year	(C)	152.38	419.80	(697.94)	919.59	1,342.02
Other comprehensive income						
Items that will be reclassified to profit or loss						
- Exchange differences on translation from functional currency to reporting currency		79.00	185.02	68.88	401.12	456.70
	(D)	79.00	185.02	68.88	401.12	456.70
Total comprehensive expense/income for the period/year	(C)+(D)	231.38	604.82	(629.06)	1,320.71	1,798.72
Earnings per equity share [nominal value of Share \$ 0.10] (Previous period/year \$0.10)						
Basic (In ₹)		0.22	0.67	(0.99)	1.48	1.97
Diluted (In ₹)		0.22	0.67	(0.99)	1.48	1.97
Summary of significant accounting policies	3					

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

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Director

Thomas Klein
Director

Place: Pune
Date : October 16, 2023

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Place: Santa Clara
Date : October 16, 2023

Persistent Systems, Inc.

Condensed interim cash flow statement for the half year ended September 30, 2023

(In ₹ Million)

Particulars	For the half year ended		For the year ended
	September 30, 2023	September 30, 2022	March 31, 2023
Cash flow from operating activities			
(Loss)/Profit before tax	(741.99)	1,111.52	1,686.90
Adjustments for:			
Exchange differences in translating the financial statements	(29.91)	135.61	129.98
Unrealised foreign exchange loss/(gain)	(8.22)	12.97	(24.98)
Interest income	(61.76)	(10.60)	(43.56)
Depreciation and amortization	371.50	337.28	658.77
Finance costs	175.08	136.95	333.80
Changes in contingent consideration payable on business combination	(367.62)	-	-
Reversal of impairment loss on financial assets (net)	(23.98)	-	0.19
Fair value loss on financial assets designated as at FVTPL	20.59	0.76	0.77
Liabilities/Provisions no longer required written back (net)	(96.75)	-	-
Inter-corporate deposits written off	0.88	-	1.11
Loss on investments	987.31	-	-
Bad debts written off	-	-	36.22
Dividend income	-	(63.04)	(92.53)
Allowance for credit loss (net)	45.71	9.79	(16.13)
Operating profit before working capital changes	270.84	1,671.24	2,670.54
Movements in working capital :			
Increase in trade receivables	(612.55)	(1,869.65)	(3,655.04)
Increase in other non current assets and other current assets	(62.67)	(173.47)	(211.46)
Increase in other current financial assets and security deposits	(561.76)	(386.06)	(679.10)
Increase in trade payables, current liabilities and non-current liabilities	2,626.83	3,461.16	6,164.56
(Decrease)/Increase in provisions	(394.91)	(34.15)	210.53
Operating profit after working capital changes	1,265.78	2,669.07	4,500.03
Direct taxes paid (net of refunds)	(52.23)	(19.05)	(229.63)
Net cash flow generated from operating activities	A 1,213.55	2,650.02	4,270.40
Cash flows from investing activities			
Payment on account of Property, plant and equipment and intangible assets	(278.79)	(76.72)	(486.91)
Investment in subsidiaries and unquoted securities	-	(4,705.34)	(4,804.58)
Interest received	47.67	10.60	43.56
Dividends received	-	63.04	92.53
Consideration paid to the selling shareholders	(391.14)	-	-
Net cash flow used in investing activities	B (622.26)	(4,708.43)	(5,155.40)
Cash flows from financing activities			
Repayment of long term borrowings	(1,111.64)	(971.82)	(2,078.51)
Proceeds from issue of equity share capital	-	1,681.48	1,758.29
Lease repayment	(71.22)	(48.57)	(108.84)
Inter-corporate deposit given	(462.36)	(21.11)	(196.60)
Inter-corporate deposit received	224.27	-	603.44
Proceeds from long term borrowings	-	1,654.72	1,689.62
Payment of interest	(159.29)	(119.94)	(311.04)
Net cash flow (used in)/generated from in financing activities	C (1,580.24)	2,174.76	1,356.36
Net (decrease)/increase in cash and cash equivalents (A + B + C)	(988.95)	116.36	471.36
Cash and cash equivalents at the beginning of the period/year	1,841.48	1,370.12	1,370.12
Cash and cash equivalents at the end of the period/year (Refer Note 11)	852.53	1,486.48	1,841.48
Components of cash and cash equivalents	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)
Cash on hand	0.01	0.01	0.01
Balances with Banks	852.52	1,486.47	1,841.47
Cash and cash equivalents (Refer Note 11)	852.53	1,486.48	1,841.48

The above Cash Flow Statement has been prepared under "Indirect Method" as set out in Ind AS - 7 on "Statement of Cash Flows" notified under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Summary of significant accounting policies

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The accompanying notes form an integral part of the condensed financial statements

As per our report of even date

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

For and on behalf of the Board of Directors of
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Shashi Tadwalkar
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Director

Place: Pune
Date : October 16, 2023

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Place: Santa Clara
Date : October 16, 2023

Persistent Systems, Inc.**Condensed interim statement of changes in equity for the half year ended September 30, 2023****A. Equity share capital**

(Refer Note: 15)

(In ₹ Million)

Balance as at April 1, 2023	Changes in equity share capital during the period	Balance as at September 30, 2023
4,729.74	-	4,729.74

(In ₹ Million)

Balance as at April 1, 2022	Changes in equity share capital during the period	Balance as at September 30, 2022
3,048.26	1,681.48	4,729.74

(In ₹ Million)

Balance as at April 1, 2022	Changes in equity share capital during the year	Balance as at March 31, 2023
3,048.26	1,681.48	4,729.74

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Condensed interim statement of changes in equity for the half year ended September 30, 2023

B. Other equity

(In ₹ Million)

Particulars	<u>Items of other comprehensive income</u>		Total
	Retained earnings	Exchange differences on translating the financial statements of foreign operations*	
Balance as at April 1, 2023	1,206.27	1,130.81	2,337.08
Net loss for the period	(697.94)	-	(697.94)
Change during the period	-	68.88	68.88
Balance as at September 30, 2023	508.33	1,199.69	1,708.02

(In ₹ Million)

Particulars	<u>Items of other comprehensive income</u>		Total
	Retained earnings	Exchange differences on translating the financial statements of foreign operations*	
Balance as at April 1, 2022	(135.75)	674.11	538.36
Net profit for the period	919.59	-	919.59
Change during the period	-	401.12	401.12
Balance as at September 30, 2022	783.84	1,075.23	1,859.07

(In ₹ Million)

Particulars	<u>Items of other comprehensive income</u>		Total
	Retained earnings	Exchange differences on translating the financial statements of foreign operations*	
Balance as at April 1, 2022	(135.75)	674.11	538.36
Net profit for the year	1,342.02	-	1,342.02
Change during the year	-	456.70	456.70
Balance as at March 31, 2023	1,206.27	1,130.81	2,337.08

Nature and purpose of reserves:*Foreign currency translation reserve**

The exchange differences arising from the translation of financial statements of foreign operations from functional currency into reporting currency is recognised in other comprehensive income, and is presented within equity in the foreign currency translation reserve.

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1 Nature of operations

Persistent Systems, Inc. ("The Company") is a wholly owned subsidiary of Persistent Systems Limited ("The holding company"). The company along with the holding company and its subsidiaries collectively refer to as "The Group". The Company is specializing in software products, services and technology innovation.

2 Basis of preparation

The special purpose condensed interim financial statements for the quarter and half year ended September 30, 2023 of The Company have been prepared solely for the purpose of consolidation with the holding Company. These condensed interim financial statements have been prepared in accordance with the recognition and measurement principle of Ind AS 34, Interim Financial Reporting (Ind AS 34), as issued under Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") except for presentation and disclosures requirement as required under the standard and the Act.

The Special purpose condensed interim financial statement has been prepared solely to enable The Company's management to provide information solely for the consolidation with the holding Company.

While preparing these special purpose condensed interim financial statements, The Company has presented the following:

- a. Balance Sheet as at September 30, 2023
- b. Statement of Profit and Loss for the quarter and half year ended September 30, 2023
- c. Statement of Cash Flow for the half year then ended
- d. Statement of Changes in Equity for the half year then ended
- e. Selected explanatory notes

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

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), the provisions of the Companies Act, 2013 ("the Act") (to the extent notified), as prescribed by Section 133 of the Companies Act 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

3 Material accounting policy information**A Accounting year**

The accounting year of The Company is from April 1, 2023 to March 31, 2024.

B Functional currency

The Company's functional currency is the USD. To facilitate consolidation in holding company, these financial statements are presented in INR, which is the presentation currency. The results and balances are translated from functional currency to presentation currency using the following procedure:

- i. All assets and liabilities are translated at the closing rate as at the date of the balance sheet;
- ii. All Income and Expense items are converted at weighted average of Inter Bank Selling Rate for the year;
- iii. The equity share capital is translated on the date of transaction;
- iv. The exchange difference arising out of the period end conversion is transferred to Currency Translation Reserve are recognised in Other Comprehensive Income and the said amount is shown under the head "Other Equity".

C Use of estimates and judgements

a) 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.

b) Critical accounting estimates**i. Revenue recognition**

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

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

The Company receives advance payments from customers for the sale of software products, services and technology innovation including complete product life cycle services after signing the contract and receipt of payment. There is a significant financing component for these contracts considering the length of time between the customers' payment and rendering of services as well as the prevailing interest rate in the market. As such, the transaction price for these contracts is discounted using the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price to the amount paid in advance). This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception.

The Company applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised services and the payment is one year or less.

ii. Income taxes

The Company's major tax jurisdiction is United States of America, Significant judgements are involved in determining the provision for income taxes including judgements whether the tax positions are probably of being sustained in tax assessments.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits are available against which deductible temporary differences & tax losses can be utilized. 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.

iii. Business combination

Business combinations are accounted for using Ind AS 103, Business Combinations, which requires 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 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.

iv. 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.

v. Provisions

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

vi. 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.

vii. Provision and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates. The Company uses significant judgements to assess contingent liabilities.

viii. Compensated absences

The cost of the compensated absences and the present value of the same are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, Compensated absences are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

ix. Share based payments

The share based compensation expense is determined based on the Company's estimate of equity instruments of the holding company that will eventually vest. The corresponding equivalent credit will be accounted as 'Payables' to parent. The share based compensation expense is determined based on recharge agreement from the parent.

x. Impairment of assets

Investments in subsidiaries, goodwill and intangible assets are tested for impairment as per applicable requirements under Ind AS and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk adjusted discount rate, future economic and market conditions.

D 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 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 Company has ascertained its operating cycle as 12 months.

E 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.

F 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 which is recognized from the date they are available for use and accumulated impairment losses, if any. Cost comprises the purchase price and directly attributable costs of preparing the asset for its intended use. Internally generated intangible assets, excluding capitalized development costs are reflected as expenditure in the statement of profit and loss in the reporting year in which these are incurred.

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 derecognized.

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 and use or sell it;
- 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.

G Business combinations:

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

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

Acquisition-related costs are expensed as incurred. The excess of the:

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

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

Business combinations between entities under common control is accounted for at carrying value. The identity of the reserves is preserved as they appear in the standalone financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to business transfer reserve.

H 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.

I Depreciation and amortization

Depreciation on Property, Plant and Equipment is provided from the date the asset is made available for use using the Straight Line Method ('SLM') over the useful lives of the assets.

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

Assets	Useful lives
Computers	3 years
Computers - servers and networks	3 years
Office equipment	5 years
Furniture and fixtures	5 years

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 & amortization methods, useful lives and residual values are reviewed periodically.

J Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangements 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 a part of the cost of the respective asset. All other borrowing costs are expensed in the year in which they occur.

K 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 its 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.

The Company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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.

Investments in subsidiaries

Investment in subsidiaries are carried at cost.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, bank deposits and short-term deposits with an original maturity of three months or less.

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 approximately.

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.

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 through OCI.

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 expired. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss, except in case of equity instruments classified as FVOCI, where such cumulative gain or loss is not recycled to statement of profit and loss.

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

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 incurs 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. 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.

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L Revenue recognition

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

i. Income from software services and products

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

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

Revenue on time-and-material contracts are recognized as and when the related services are rendered. 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 (Contract asset) represents revenue recognized in relation to work done until the balance sheet date for which billing has not taken place.

Unearned revenue (Contract liability) represents the billing in respect of contracts for which the revenue is not recognized.

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

ii. Interest

Income from interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "Other income" in the statement of profit and loss.

iii. Dividends

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.

M Contract balances

Contract assets

Contract assets are recognised when there are excess of revenues earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liabilities

Unearned and deferred revenue ("contract liability") is recognized when there are billings in excess of revenues.

N Foreign currency transactions and balances

i. Initial recognition

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

ii. 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. For foreign currency transactions recognized in profit and loss statement the Company uses average rate if the average approximates the actual rate at the date of the transaction.

iii. Settlement

Revenue, expenses denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit or loss for the year in which the transaction is settled.

O Retirement and other employee benefits

Compensated absences

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.

Other employee benefits

Other short-term employee benefits such as overseas social security contributions and performance incentives expected to be paid in exchange for services rendered by employees, are recognised in the statement of profit and loss during the period when the employee renders the service.

P 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 tax laws prevailing in United States. 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.

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 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.

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Q 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.

R Impairment of Non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. To estimate cash flow projections covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the services, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations are recognised in the statement of profit and loss, except for assets previously revalued with the revaluation surplus taken to OCI. For such assets, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Company of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually as at reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

S 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.

T 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.

U Contingent liabilities and Commitments

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. Contingent assets are neither recognised nor disclosed in financial statements.

The Company does not recognize a contingent liability but discloses its existence in the financial statements.

V 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 of holding company (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 payable to parent.

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 payable to parent. 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.

W 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.

X Dividend

Final dividend on shares is 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.

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Notes forming part of condensed interim financial statements

4.1 Property, plant and equipment

	(In ₹ Million)				
	Office equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
Gross block					
As at April 1, 2023	60.89	483.42	151.51	17.29	713.11
Additions	9.42	27.61	-	-	37.03
Disposals	-	0.55	-	-	0.55
Effect of foreign currency translation from functional currency to reporting currency	0.73	5.35	1.61	0.18	7.87
As at September 30, 2023	71.04	515.83	153.12	17.47	757.46
Accumulated depreciation					
As at April 1, 2023	43.72	342.01	137.92	2.66	526.31
Charge for the period	2.50	38.21	1.72	1.49	43.92
Disposals	-	0.05	-	-	0.05
Effect of foreign currency translation from functional currency to reporting currency	0.49	3.94	1.47	0.04	5.94
As at September 30, 2023	46.71	384.11	141.11	4.19	576.12
Net block					
As at September 30, 2023	24.33	131.72	12.01	13.28	181.34

	(In ₹ Million)				
	Office Equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
Gross block					
As at April 1, 2022	39.72	338.14	128.03	2.72	508.61
Additions	0.14	29.64	-	11.11	40.89
Effect of foreign currency translation from functional currency to reporting currency	2.91	25.76	9.40	0.56	38.63
As at September 30, 2022	42.77	393.54	137.43	14.39	588.13
Accumulated depreciation					
As at April 1, 2022	37.81	263.02	125.61	0.04	426.48
Charge for the period	0.67	23.68	0.62	1.02	25.99
Effect of foreign currency translation from functional currency to reporting currency	2.80	20.07	9.24	0.04	32.15
As at September 30, 2022	41.28	306.77	135.47	1.10	484.62
Net block					
As at September 30, 2022	1.49	86.77	1.96	13.29	103.51

	(In ₹ Million)				
	Office Equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
Gross block					
As at April 1, 2022	39.72	338.14	128.03	2.72	508.61
Additions	17.46	114.38	12.44	14.04	158.32
Effect of foreign currency translation from functional currency to reporting currency	3.71	30.90	11.04	0.53	46.18
As at March 31, 2023	60.89	483.42	151.51	17.29	713.11
Accumulated depreciation					
As at April 1, 2022	37.81	263.02	125.61	0.04	426.48
Charge for the year	2.66	55.66	1.70	2.56	62.58
Effect of foreign currency translation from functional currency to reporting currency	3.25	23.33	10.61	0.06	37.25
As at March 31, 2023	43.72	342.01	137.92	2.66	526.31
Net block					
As at March 31, 2023	17.17	141.41	13.59	14.63	186.80

4.2 Right-of-use assets

	(In ₹ Million)
	Office Premises
Gross block	
As at April 1, 2023	521.44
Additions	23.86
Effect of foreign currency translation from functional currency to reporting currency	5.72
As at September 30, 2023	551.02
Accumulated depreciation	
As at April 1, 2023	209.26
Charge for the period	63.01
Effect of foreign currency translation from functional currency to reporting currency	2.75
As at September 30, 2023	275.02
Net block	
As at September 30, 2023	276.00
	(In ₹ Million)
	Office Premises
Gross block	
As at April 1, 2022	398.69
Additions	44.92
Effect of foreign currency translation from functional currency to reporting currency	28.78
As at September 30, 2022	472.39
Accumulated depreciation	
As at April 1, 2022	125.50
Charge for the period	53.71
Effect of foreign currency translation from functional currency to reporting currency	9.03
As at September 30, 2022	188.24
Net block	
As at September 30, 2022	284.15
	(In ₹ Million)
	Office Premises
Gross block	
As at April 1, 2022	398.69
Additions	130.31
Disposals	42.42
Effect of foreign currency translation from functional currency to reporting currency	34.86
As at March 31, 2023	521.44
Accumulated depreciation	
As at April 1, 2022	125.50
Charge for the year	114.66
Disposals	42.42
Effect of foreign currency translation from functional currency to reporting currency	11.52
As at March 31, 2023	209.26
Net block	
As at March 31, 2023	312.18

Notes forming part of condensed interim financial statements
4.3 Goodwill

	For the half year ended		For the year ended
	September 30, 2023	September 30, 2022	March 31, 2023
	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)
Cost			
Balance at beginning of period/year	3,627.20	-	-
Additions on business combination (refer note 4.4)	-	211.51	3,551.65
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	38.41	15.51	75.55
Balance at end of period/year	3,665.61	227.02	3,627.20

4.4 Other Intangible assets

	(In ₹ Million)			
	Software	Acquired contractual rights	Provisional intangible assets	Total
Gross block				
As at April 1, 2023	1,662.49	6,343.04	-	8,005.53
Effect of foreign currency translation from functional currency to reporting currency	17.60	67.16	-	84.76
As at September 30, 2023	1,680.09	6,410.20	-	8,090.29
Accumulated amortization				
As at April 1, 2023	1,341.59	4,265.54	-	5,607.13
Charge for the period	53.70	210.87	-	264.57
Effect of foreign currency translation from functional currency to reporting currency	14.66	46.94	-	61.60
As at September 30, 2023	1,409.95	4,523.35	-	5,933.30
Net block				
As at September 30, 2023	270.14	1,886.85	-	2,156.99

	(In ₹ Million)			
	Software	Acquired contractual rights	Provisional intangible assets	Total
Gross block				
As at April 1, 2022	1,236.87	3,630.02	5,680.35	10,547.24
Additions	0.96	-	-	0.96
Adjustment due to change in purchase consideration	-	-	(12.15)	(12.15)
Reclassification on purchase price allocation	-	163.71	(375.22)	(211.51)
Effect of foreign currency translation from functional currency to reporting currency	90.77	278.20	376.99	745.96
As at September 30, 2022	1,328.60	4,071.93	5,669.97	11,070.50
Accumulated Amortization				
As at April 1, 2022	1,236.85	3,441.32	40.01	4,718.18
Charge for the period	0.12	68.08	189.38	257.58
Reclassification on purchase price allocation	-	11.93	(11.93)	-
Effect of foreign currency translation from functional currency to reporting currency	90.76	256.05	7.64	354.45
As at September 30, 2022	1,327.73	3,777.38	225.10	5,330.21
Net block				
As at September 30, 2022	0.87	294.55	5,444.87	5,740.29

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Notes forming part of condensed interim financial statements

	(In ₹ Million)			
	Software	Acquired contractual rights	Provisional intangible assets	Total
Gross block				
As at April 1, 2022	1,236.87	3,630.02	5,680.35	10,547.24
Additions	314.80	-	-	314.80
Reclassification on purchase price allocation (refer note 28)	-	2,380.76	(5,932.41)	(3,551.65)
Effect of foreign currency translation from functional currency to reporting currency	110.82	332.26	252.06	695.14
As at March 31, 2023	1,662.49	6,343.04	-	8,005.53
Accumulated amortization				
As at April 1, 2022	1,236.85	3,441.32	40.01	4,718.18
Charge for the period	0.61	102.28	378.64	481.53
Reclassification on purchase price allocation	-	430.07	(430.07)	-
Effect of foreign currency translation from functional currency to reporting currency	104.13	291.87	11.42	407.42
As at March 31, 2023	1,341.59	4,265.54	-	5,607.13
Net block				
As at March 31, 2023	320.90	2,077.50	-	2,398.40

4.5 Depreciation and amortization

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2023
	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)
On Property, plant and equipment	22.76	13.43	43.92	25.99	62.58
On Other intangible assets	133.33	113.99	264.57	257.58	481.53
On Right-of-use assets	32.84	25.96	63.01	53.71	114.66
	188.93	153.38	371.50	337.28	658.77

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Notes forming part of condensed interim financial statements
5. Non-current financial assets : Investments

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Investments carried at cost			
Unquoted investments			
Investments in equity instruments			
- In Wholly owned subsidiary companies			
Persistent Telecom Solutions, Inc.			
2,480 (Corresponding period/Previous year: 2,480) shares of \$ 0.001 each, fully paid up	514.85	504.37	509.45
Less: Provision for diminution in value of investment	(514.85)	(504.37)	(509.45)
Aepona Group Limited			
5,644,820 Class "A" ordinary shares of Euro 0.012 each and 544,417,875,500 Class "B" ordinary shares of GBP 0.000001 each (Corresponding period/Previous year: 5,644,820 Class "A" ordinary shares of Euro 0.012 each and 544,417,875,500 Class "B" ordinary shares of GBP 0.000001 each)	187.42	183.61	185.46
Less: Provision for diminution in value of investment	(187.42)	(183.61)	(185.46)
Persistent Systems Israel Limited			
3,867,400 (Corresponding period/Previous year: 3,867,400) ordinary shares of 0.1 NIS par value	8.39	8.22	8.31
Persistent Systems Mexico, S.A. de C. V			
99,999 (Corresponding period/Previous year 99,999) ordinary shares of 0.1 Pesos par value	4.48	4.39	4.44
Persistent Systems S.R.L			
10,000 (Corresponding period/Previous year: 10,000) ordinary shares of EUR 1 each	0.99	0.97	0.98
CAPIOT Software Inc			
5,194,541 (Corresponding period/Previous year: 5,194,541) common stock of \$ 0.01 each, fully paid up	200.31	196.23	198.21
Less: Provision for diminution in value of investment	(200.31)	(196.23)	(198.21)
Software Corporation International LLC			
100% membership interest (Corresponding period/Previous year: 100% membership interest)	2,794.92	2,738.04	2,765.64
SCI Fusion 360 LLC			
Nil (Corresponding period/Previous year: 100% membership interest)	-	996.71	1,006.76
MediaAgility Inc			
4,347,275 (Corresponding period/Previous year: 4,347,275) common stock of USD 9 each, fully paid up	5,048.96	4,857.05	4,906.01
Persistent Systems s.p.z.o.o.			
100 (Corresponding period/Previous year: Nil) common stock of PLN 50 each, fully paid up	0.10	-	-
Total carried at cost (A)	7,857.84	8,605.38	8,692.14

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Persistent Systems, Inc.

Notes forming part of condensed interim financial statements

5. Non-current financial assets : Investments (continued)

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Designated as fair value through profit and loss			
Unquoted investments			
Investments in common stocks / preferred stocks			
Hyginex, Inc.			
250,000 (Corresponding period/Previous year - 250,000) preferred shares of \$ 0.001 each, fully paid up	16.61	16.27	16.43
(less): Change in fair value of investment	(16.61)	(16.27)	(16.43)
Trunomi, Inc.			
277,778 (Corresponding period/Previous year - 277,778) preferred shares of \$ 0.0002 each, fully paid up	20.76	20.34	20.54
(less): Change in fair value of investment	(20.76)	-	-
In DxNow			
169,975 preference shares of \$ 0.0001 each (Corresponding period /Previous year - convertible note of \$ 125,000 each, 169,975 preference shares of \$ 0.0001 each respectively fully paid up)	10.38	10.17	10.27
(less): Change in fair value of investment	(10.38)	(10.17)	(10.27)
In Akumina Inc.			
400,667 preference shares of \$ 0.443 each (Corresponding period /Previous Year - 400,667 preference shares of \$ 0.443 each / Note of \$ 146,429 each, respectively fully paid up)	14.74	14.44	14.58
In Monument Bank			
24,000 (Corresponding period/Previous year: 24,000) common stock of GBP 50 each, fully paid up	135.43	132.68	134.01
Total investment carried at fair value (B)	150.17	167.46	169.13
Total Investments (A + B)	8,008.01	8,772.84	8,861.27
Aggregate amount of unquoted investments	8,958.34	9,683.49	9,781.09
Aggregate amount of diminution in fair value of investments/change in fair value of investment	950.33	910.65	919.82

6. Deferred tax asset (net)

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Deferred tax assets			
Provision for expected credit loss	38.68	20.92	14.43
Employee related payments	240.46	162.16	178.40
Leave encashment	124.37	100.56	115.76
Tax Credit	77.45	156.50	77.48
Differences in book values and tax base values of block of property, plant and equipment and other intangible assets	151.42	154.69	111.72
Others	3.01	13.20	-
	635.39	608.03	497.79
Deferred tax liability			
Utilisation of accumulated losses of wholly owned subsidiary	30.26	29.27	47.21
Difference in book values and tax base values of ROU asset and lease liability	0.03	0.63	0.03
Others	-	-	2.21
	30.29	29.90	49.45
Deferred tax asset (net)	605.10	578.13	448.34

Notes forming part of condensed interim financial statements
7. Non current financial assets : loans

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Carried at amortised cost			
Loans to related parties			
Unsecured considered good			
- Persistent Systems México, S.A. de C.V. (Repayment terms : At the end of three years) (Corresponding year: Rate of Interest: SOFR + 225 bps)	81.36	79.71	80.51
- Interest accrued but not due at amortised cost	3.61	1.43	3.08
	<u>84.97</u>	<u>81.14</u>	<u>83.59</u>
- PARX Consulting GmbH (Repayment terms : At the end of three years) (Previous year: Rate of Interest: EURIBOR + 225 bps)	-	-	65.84
- Interest accrued but not due at amortised cost	-	-	1.30
	<u>-</u>	<u>-</u>	<u>67.14</u>
- Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) (Repayment terms : At the end of three years) (Previous year: Rate of Interest: 3%)	-	50.82	51.33
- Interest accrued but not due at amortised cost	-	0.39	0.77
	<u>-</u>	<u>51.21</u>	<u>52.10</u>
- Youperience GmbH (Repayment terms : At the end of three years) Rate of Interest: SOFR + 225 bps (Corresponding period/Previous year: LIBOR + 225 bps)	-	34.01	82.96
- Interest accrued but not due at amortised cost	-	0.18	0.04
	<u>-</u>	<u>34.19</u>	<u>83.00</u>
- Persistent Systems France SAS (Repayment terms : At the end of three years) (Corresponding period /Previous year: (Rate of Interest: Libor + 225 bps)	213.93	-	102.71
- Interest accrued but not due at amortised cost	5.46	-	0.76
	<u>219.39</u>	<u>-</u>	<u>103.47</u>
- Persistent Systems Germany GmbH (Repayment terms : At the end of three years) Rate of Interest: EURIBOR + 225 bps (Corresponding period/Previous year: EURIBOR + 225 bps)	561.16	-	-
- Interest accrued but not due at amortised cost	16.50	-	-
	<u>577.66</u>	<u>-</u>	<u>-</u>
- Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT) (Repayment terms : At the end of three years) Rate of Interest: SOFR + 225 bps (Corresponding period/Previous year:(Rate of Interest: LIBOR + 225 bps)	29.89	29.29	29.58
- Interest accrued but not due at amortised cost	0.10	0.46	0.45
	<u>29.99</u>	<u>29.75</u>	<u>30.03</u>
- DataGlove IT Solution Limitada (Repayment terms : At the end of three years) (Corresponding period: Nil/Previous year: Rate of Interest: 3 months SOFR + 1500 bps)	-	26.44	-
- Interest accrued but not due at amortised cost	-	1.91	-
	<u>-</u>	<u>28.35</u>	<u>-</u>
- Persistent Systems S.R.L.- Romania (Repayment terms : At the end of three years) Rate of Interest: 3 months SOFR + 250 bps	33.22	-	-
- Interest accrued but not due at amortised cost	0.82	-	-
	<u>34.04</u>	<u>-</u>	<u>-</u>

Persistent Systems, Inc.

Notes forming part of condensed interim financial statements

7. Non current financial assets : loans (continued)

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Loans to related parties			
Unsecured, considered doubtful			
- CAPIOT Software Inc	-	42.53	42.96
(Repayment terms : At the end of three years) Rate of Interest: SOFR + 225 bps (Corresponding period/Previous year: (LIBOR + 225 bps)			
- Interest accrued but not due at amortised cost	-	0.12	0.30
Less: Impairment allowance	-	(42.65)	(43.26)
	-	-	-
Total non current loans	946.05	224.64	419.33

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8. Other non-current financial assets

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Unsecured, considered good			
Security deposits	23.60	19.16	16.78
	23.60	19.16	16.78

9. Other non-current assets

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Unsecured, considered good			
Prepayments	24.24	57.91	58.81
Capital advance	33.38	-	2.76
	57.62	57.91	61.57

10. Trade receivables

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
-Current			
Unsecured, considered good	9,873.43	8,027.45	9,260.85
Unsecured, credit impaired	111.28	78.76	52.87
	9,984.71	8,106.21	9,313.72
Less : Allowance for expected credit loss	(111.28)	(78.76)	(52.87)
	9,873.43	8,027.45	9,260.85
-Non Current			
Unsecured, considered good	663.80	-	601.74
	663.80	-	601.74
	10,537.23	8,027.45	9,862.59

11. Cash and cash equivalents

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Cash and cash equivalents			
Cash on hand	0.01	0.01	0.01
Balances with banks			
- On current accounts	835.90	1,079.21	1,427.15
- On other accounts	16.62	407.26	414.32
	852.53	1,486.48	1,841.48

Persistent Systems, Inc.**Notes forming part of condensed interim financial statements****12. Current financial assets : loans**

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Carried at amortised cost			
Unsecured considered good			
Loans to related parties			
- PARX Consulting GmbH (Repayment terms : At the end of three years) Rate of Interest: EURIBOR + 225 bps (Corresponding period: EURIBOR + 225 bps)	-	58.92	-
- Interest accrued but not due at amortised cost	-	0.59	-
	-	59.51	-
- Persistent Systems Germany GmbH (Repayment terms : At the end of three years) (Rate of Interest: SOFR + 225 bps)	-	158.18	235.75
- Interest accrued but not due at amortised cost	-	1.04	5.46
	-	159.22	241.21
Loans to related parties			
Unsecured, considered doubtful			
- CAPIOT Software Inc (Repayment terms : At the end of three years) Rate of Interest: SOFR + 225 bps (Corresponding period/Previous year: (LIBOR + 225 bps)	19.50	-	-
- Interest accrued but not due at amortised cost	0.04	-	-
Less: Impairment allowance	(19.54)	-	-
	-	-	-
Loans to others			
Loan to LHS Solutions, Inc.	24.89	24.55	24.60
- Interest accrued but not due at amortised cost	1.96	1.75	1.97
Less: Impairment allowance	(26.85)	(26.30)	(26.57)
	-	-	-
	-	218.73	241.21

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Persistent Systems, Inc.**Notes forming part of condensed interim financial statements****13. Other current financial assets**

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Receivable from related parties			
Unsecured, considered good			
- Persistent Systems Limited	20.65	20.60	20.43
- Persistent Systems Pte. Ltd	-	0.82	1.78
- Persistent Systems France SAS	6.76	8.65	5.47
- CAPIOT Software Pte Ltd	-	1.09	-
- Persistent Systems Israel Limited	-	4.83	-
- Persistent Systems Germany GmbH	14.69	-	8.55
- Persistent Systems S.R.L	5.32	3.05	4.57
- Persistent Systems México, S.A. de C.V.	0.06	0.06	0.06
- Software Corporation International LLC	(0.65)	12.83	-
- SCI Fusion 360 LLC	-	11.36	-
- MediaAgility Inc.	42.08	-	34.30
- Persistent Systems s.p.z.o.o.	5.11	-	-
	94.02	63.29	75.16
Unbilled revenue	2,795.48	1,962.67	2,089.62
Security deposits	28.42	23.15	26.56
Other receivables	57.91	-	168.28
Total	2,975.83	2,049.11	2,359.62

14. Other current assets

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Unsecured, considered good			
Advances recoverable in cash or kind or for value to be received	201.23	156.36	124.43
Prepayments	263.95	171.29	238.51
	465.18	327.65	362.94

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Notes forming part of condensed interim financial statements

15. Share capital

	As at September 30, 2023	As at September 30, 2022	As at March 31, 2023
Authorised (In USD Million)			
1,500,000,000 (Corresponding period/Previous year: 1,500,000,000) Common Shares of \$0.10 each	\$ 150	\$ 150	\$ 150
	\$ 150	\$ 150	\$ 150
Issued, subscribed and paid-up (In ₹ Million)			
702,000,000 (Corresponding period: 702,000,000/Previous year: 702,000,000) Common Shares of \$0.10 each fully paid up. All shares are held by Holding Company i.e. Persistent Systems Limited.	4,729.74	4,729.74	4,729.74
	4,729.74	4,729.74	4,729.74

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

	As At September 30, 2023		As At September 30, 2022		As At March 31, 2023	
	No. of Shares	Amount (In ₹ Million)	No. of Shares	Amount (In ₹ Million)	No. of Shares	Amount (In ₹ Million)
No. of Shares at the beginning of the reporting period/year	702,000,000	4,729.74	482,000,000	3,048.26	482,000,000	3,048.26
Add : Additional Shares issued during the period/year	-	-	220,000,000	1,681.48	220,000,000	1,681.48
No. of Shares at the end of the reporting period/year	702,000,000	4,729.74	702,000,000	4,729.74	702,000,000	4,729.74

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16. Borrowings

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Unsecured			
-Non Current			
Term Loan from HSBC bank	929.59	3,107.12	2,029.14
-Current			
Current maturity of long-term borrowings	2,242.08	2,196.45	2,218.59
Borrowings	3,171.67	5,303.57	4,247.73

The term loans have the following terms and conditions:

Amounting to \$25 million repayable with interest @ SOFR+ 155 bps per annum has been supported by a Letter of Comfort by the Group and is repayable over a period of three years in equal installments commencing from October 21, 2021.

Amounting to \$35 million repayable with interest @ SOFR+ 155 bps per annum has been supported by a Letter of Comfort by the Group and is repayable over a period of three years in equal installments commencing from April 1, 2022.

Amounting to \$21 million repayable with interest @ SOFR+ 155 bps per annum has been supported by a Letter of Comfort by the Group and is repayable over a period of three years in equal installments commencing from June 1, 2022.

17. Lease liabilities

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Lease liabilities	294.16	299.79	332.67
Less: Current portion of lease liabilities	(118.57)	(110.97)	(126.81)
	175.59	188.82	205.86

Movement of lease liabilities

	For the half year ended		For the year ended
	September 30, 2023 (In ₹ Million)	September 30, 2022 (In ₹ Million)	March 31, 2023 (In ₹ Million)
Opening balance	332.67	277.37	277.37
Additions during the period/year	23.86	46.38	130.31
Add: Interest recognised during the period/year	5.08	4.27	9.81
Less: Payments made during the period/year	(71.22)	(48.57)	(108.84)
Effect of foreign currency translation from functional currency to reporting currency	3.77	20.34	24.02
Closing balance	294.16	299.79	332.67

Persistent Systems, Inc.

Notes forming part of condensed interim financial statements

17(a). Other financial liabilities - Non-current

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Carried at amortised cost			
Contingent consideration payable for acquisition of business	-	2,436.43	2,888.92
Intercompany deposits from related parties			
- 'Persistent Systems UK Ltd. (Formerly known as Aepona Ltd) (Repayment terms : At the end of three years) (Rate of Interest: SOFR + 300 bps)	83.04	-	82.17
- Interest accrued but not due at amortised cost	3.57	-	0.25
	<u>86.61</u>	<u>-</u>	<u>82.42</u>
- MediaAgility Inc. (Repayment terms : At the end of three years) (Rate of Interest: AFR)	539.76	-	534.11
- Interest accrued but not due at amortised cost	13.97	-	1.13
	<u>553.73</u>	<u>-</u>	<u>535.24</u>
- Persistent Systems Switzerland AG (FKA PARX Werk AG) (Repayment terms : At the end of three years) (Rate of Interest: AFR)	36.45	-	-
- Interest accrued but not due at amortised cost	0.09	-	-
	<u>36.54</u>	<u>-</u>	<u>-</u>
Total	<u>676.88</u>	<u>2,436.43</u>	<u>3,506.58</u>

18. Trade payables

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Trade payables for goods and services	10,340.52	7,416.24	8,685.84
	<u>10,340.52</u>	<u>7,416.24</u>	<u>8,685.84</u>

19. Current financial liabilities : Others

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Accrued employee liabilities	764.19	469.50	565.69
Accrued interest on borrowings	21.86	17.66	21.85
Advances from related parties (unsecured, considered good)			
- Persistent Systems Limited	158.71	24.34	106.96
- Persistent Telecom Solutions, Inc.	24.71	24.20	24.45
Carried at amortised cost			
Contingent consideration payable for acquisition of business	4,552.79	3,037.70	2,373.33
	<u>5,522.26</u>	<u>3,573.40</u>	<u>3,092.28</u>

Persistent Systems, Inc.

Notes forming part of condensed interim financial statements

20. Other liabilities

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
-Current			
Unearned revenue	470.81	623.34	565.58
Advance from customers	259.14	23.22	156.07
VAT payable (net)	15.22	2.09	8.59
Capital creditors	67.06	-	244.40
Others	2,392.65	469.25	1,618.30
	3,204.88	1,117.90	2,592.94
-Non current			
Others	20.11	-	24.90
	3,224.99	1,117.90	2,617.84

21. Provisions

	As at September 30, 2023 (In ₹ Million)	As at September 30, 2022 (In ₹ Million)	As at March 31, 2023 (In ₹ Million)
Provision for employee benefits			
- Leave encashment	472.94	381.09	440.04
- Accrued employee liabilities	863.51	1,070.18	1,276.48
	1,336.45	1,451.27	1,716.52

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Persistent Systems, Inc.

Notes forming part of condensed interim financial statements

22. Revenue from operations (net)

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2023
	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)
Software licenses	269.35	509.08	772.27	744.26	1,487.27
Software services	13,620.17	11,098.91	26,700.98	21,385.70	45,700.99
	13,889.52	11,607.99	27,473.25	22,129.96	47,188.26

23. Other income

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2023
	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)
Interest on financial assets carried at amortised cost	34.64	7.26	61.76	10.60	43.56
Dividend on investments carried at cost	-	1.08	-	63.04	92.53
Excess provision in respect of earlier years written back	95.89	0.01	96.75	0.60	25.79
Miscellaneous income	12.28	1.91	45.54	16.95	34.44
	142.81	10.26	204.05	91.19	196.32

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Notes forming part of condensed interim financial statements

24. Personnel expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2023
	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)
24.1 Employee benefit expenses					
- Salaries, wages and bonus	4,372.95	3,283.07	8,380.09	6,151.75	13,202.50
- Share based payments to employees	168.87	66.14	315.47	133.57	290.83
- Staff welfare expenses	21.86	(4.43)	41.01	10.92	29.53
	4,563.68	3,344.78	8,736.57	6,296.24	13,522.86
24.2 Cost of professionals					
- Related parties	6,206.83	4,631.39	12,032.66	8,550.56	19,326.38
- Others	1,998.09	2,270.00	3,852.10	4,516.09	8,876.53
	8,204.92	6,901.39	15,884.76	13,066.65	28,202.91
	12,768.60	10,246.17	24,621.33	19,362.89	41,725.77

25. Other expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2023
	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)
Traveling and conveyance	211.23	134.27	406.10	265.62	554.18
Electricity expenses	1.01	2.02	2.47	3.38	4.91
Internet link expenses	6.32	2.86	8.12	6.01	10.84
Communication expenses	6.10	4.20	15.66	8.61	19.98
Recruitment expenses	14.20	17.53	37.95	35.66	108.45
Training and seminars	3.07	3.16	7.57	3.91	5.33
Purchase of software licenses and support expenses	478.05	95.49	1,196.68	325.67	1,064.26
Bad debts	-	-	-	-	36.22
Allowance/(Reversal) for credit loss (net)	48.21	11.03	45.71	9.79	(16.13)
Rent	3.25	3.81	6.19	6.83	17.60
Insurance	2.69	2.81	5.33	5.29	8.34
Rates, fees and profession tax	17.20	17.11	41.06	26.35	66.90
Legal and professional fees	118.41	201.88	321.76	292.31	451.50
Repairs and maintenance					
- Computers	1.90	0.81	9.79	4.17	9.49
- Buildings	0.80	-	2.11	-	0.92
- Others	0.37	0.02	0.65	0.03	0.43
Commission on sales	33.89	4.27	36.09	11.79	112.62
Advertisement and sponsorship fees	66.87	45.13	95.77	82.94	144.48
Computer consumables	(0.15)	-	2.20	0.84	9.10
Auditor's remuneration	0.74	0.48	1.24	0.98	2.03
Donations	2.10	-	18.53	-	-
Books, memberships, subscriptions	1.77	10.42	7.64	13.48	24.75
Loss on investments	2.41	-	987.31	-	-
Changes in contingent consideration payable on business combination	(271.73)	-	(271.73)	-	-
Discount allowed	48.76	34.98	136.74	79.14	193.05
Impairment loss on financial assets designated as at FVTPL	0.05	0.02	20.59	0.76	0.77
Inter corporate deposits written off	-	-	0.88	-	1.11
Impairment loss/(reversal) of financial assets	(24.03)	-	(23.98)	-	0.19
Foreign exchange loss (net)	18.54	10.36	29.13	30.58	15.61
Miscellaneous expenses	46.37	24.68	103.82	58.37	132.41
	838.40	627.34	3,251.38	1,272.51	2,979.34

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Notes forming part of condensed interim financial statements

26. Earnings per share

Particulars		For the quarter ended		For the half year ended		For the year ended
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2023
Basic and diluted earnings per share						
<u>Numerator</u>						
Net Profit/(Loss) after tax (In ₹ Million)	A	152.38	419.80	(697.94)	919.59	1,342.02
<u>Denominator</u>						
Weighted average number of equity share	B	702,000,000	622,219,780	702,000,000	622,219,780	682,109,589
Basic and diluted earnings per share (In ₹) (Face value of USD 0.10 each)	A / B	0.22	0.67	(0.99)	1.48	1.97

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27. Contingent Liability

The Company has given a guarantee of EUR 30 Million (Corresponding period: EUR 30 Million, Previous year: EUR 30 Million) to Tech Data Europe GmbH on behalf of Persistent Systems France SAS. For the said guarantee, Persistent Systems Inc. has charged guarantee fees of 0.25% of the guarantee amount.

The Company has also given a performance guarantee up to USD 3 Million to USCC Services & its affiliates towards trade payable of Aepona Limited.

28. Business combination

MediaAgility India Private Limited and MediaAgility Inc.

During the year ended March 31, 2023, the Company entered into agreements to acquire Companies which have been together referred to as "Media Agility" in the notes elsewhere. On April 29, 2022, the Holding Company acquired 100% voting equity interest in MediaAgility India Private Limited. Further, on May 4, 2022, Persistent Systems Inc. USA, a wholly-owned subsidiary of the Holding Company, acquired 100% voting equity interest in MediaAgility Inc., USA and its subsidiaries in the UK, Mexico, and Singapore. During the year ended March 31, 2023, the acquisition was accounted on provisional basis in the consolidated financial statements of the Holding Company.

During the period, the purchase price allocation was completed and the purchase price is allocated to identifiable assets acquired and liabilities assumed based on the fair values at the date of acquisition in the condensed interim consolidated financial statements of the Holding Company.

29. Corresponding period's/Previous year's comparatives

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

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

For and on behalf of the Board of Directors of
Persistent Systems, Inc.

Shashi Tadwalkar
Partner
Membership No. :- 101797

Dr. Anand Deshpande
Director

Thomas Klein
Director

Place: Pune
Date : October 16, 2023

Place: Pune
Date : October 16, 2023

Place: Santa Clara
Date : October 16, 2023
