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## Independent Auditor's Report

**To the Members of Persistent Systems Limited**

### Report on the Audit of the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying consolidated financial statements of **Persistent Systems Limited** ('the Holding Company'), its subsidiaries and its controlled trust (the Holding Company and its subsidiaries and controlled trust together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, and controlled trust the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2024, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 14 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

| Key audit matter | How our audit addressed the key audit matter |
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| **Accuracy of revenues and onerous obligations in respect of fixed-price contracts**<br><br>Refer Note 4.2 (a) to notes forming part of the Consolidated Financial Statements.<br><br>The Group has entered into various fixed-price software development contracts, for which revenue is recognized by the Group using the percentage of completion computed as per the Input method prescribed under Ind AS 115 'Revenue from Contracts with Customers' ('Ind AS 115'). Revenue recognition in such contracts involves exercise of significant judgement by the management and the following factors requiring significant auditor attention:<br><br>• High inherent risk around accuracy of revenue, given the customized and complex nature of these contracts and significant involvement of information technology (IT) systems.<br>• High estimation uncertainty relating to determination of the progress of each contract, costs incurred till date and additional costs required to complete the remaining contract.<br>• Identification and determination of onerous contracts and related obligations.<br>• Determination of unbilled revenue receivables and unearned revenue related to these contracts as at end of reporting period.<br><br>Considering the materiality of the amounts involved, and significant degree of judgement and subjectivity involved in the estimates as mentioned above, we have identified revenue recognition for fixed price contracts and determination of onerous contracts and related | Our audit procedures relating to accuracy of revenues and onerous obligations in respect of fixed-price contracts included but were not limited to the following:<br><br>• Obtained an understanding of the systems, processes and controls implemented by management for calculating and recording revenue, and the associated unbilled revenue, unearned and deferred revenue balances, and onerous contract obligations;<br><br>• Evaluated the design and tested operating effectiveness of related internal financial manual controls and involved auditor's experts to-:<br>o Test key IT controls over IT environment in which the business systems operate, including access controls, segregation of duties, program change controls, program development controls and IT operation controls;<br>o Test the IT controls over the completeness and accuracy of cost/efforts and revenue reports generated by the system; and<br>o Test the access and application controls pertaining to allocation of resources and budgeting systems which prevents the unauthorized changes to recording of efforts incurred and controls relating to the estimation of contract efforts required to complete the project;<br><br>• Selected samples of contracts and performed a retrospective review of efforts incurred with estimated efforts to identify significant variations and verify whether those variations have been considered in estimating the remaining efforts to complete the contract;<br><br>• Reviewed samples of contracts with unbilled revenues to identify possible delays in achieving |

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| provisions, as a key audit matter for the current year audit. | milestones, which require change in estimated efforts to complete the remaining performance obligations;<br><br>• Performed analytical procedures for reasonableness of incurred and estimated efforts;<br><br>• Evaluated management's identification of onerous contracts based on estimates tested as above; and<br><br>• Evaluated the appropriateness of disclosures made in the Consolidated financial statements with respect to revenue recognized during the year as required by applicable Indian Accounting Standards. |
| **Valuation of Employee Stock Option Plan ('ESOP')**<br><br>Refer note 4.3 (q) and note 35 of the Consolidated Financial Statements.<br><br>The Group has framed various ESOP schemes for its employees under which the Company pays remuneration to its employees for services received in the form of equity-settled share based payment transactions.<br><br>In accordance with the principles of Ind AS 102 'Share Based Payments' ('Ind AS 102'), the fair value of aforesaid employee stock options determined as at the date of their grant is recognised as employee compensation cost by the Company/Group over the vesting period of such options.<br><br>The fair valuation of options granted to employees for the services rendered is performed by external valuation specialists using Black-Scholes valuation model which requires the management to make certain key estimates and assumptions including expected volatility, dividend yield, risk-free interest rate, performance factor, attrition rate and non-acceptance factors.<br><br>Considering significant management judgment and materiality of amounts involved, valuation of ESOP reserve and expense is considered as a key audit matter for the current year audit. | Our audit procedures relating to valuation of ESOP included but were not limited to the following:<br><br>• Obtained an understanding of the terms and arrangements of Employee Stock Option Plans;<br><br>• Evaluated the design and tested operating effectiveness of internal financial controls over the methodology, models and assumptions used by the management to determine the fair value of options granted during the year;<br><br>• Evaluated competency and objectivity of valuation specialist hired by the management;<br><br>• Reviewed the report from management's valuation specialist considered for valuation of options granted during the year;<br><br>• Assessed the reasonableness of the management assumptions and estimates and verified the accuracy of inputs used for the valuation purpose on a sample basis;<br><br>• Involved auditor's valuation expert to assist us in validating the valuation assumptions, methodology and approach considered by the management's expert and ascertained arithmetical accuracy of computation of share-based payment expense; and<br><br>• Evaluated the appropriateness of disclosures made in the Consolidated financial statements with respect to share based payments as required by applicable Indian Accounting Standards. |

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|---|---|
| **Impairment assessment of goodwill**<br><br>Refer notes 4.3 (v) and 5.4 to the accompanying consolidated financial statements.<br><br>As at 31 March 2024, the Group's assets include goodwill aggregating to 10,912.56 million relating to business acquisitions made by the Group in earlier years across multiple geographic locations.<br><br>The Group has performed annual impairment test of Goodwill as required under per Ind AS 36, 'Impairment of Assets' ('Ind AS 36') by determining the fair value of the Cash Generated Units (CGUs) to which the goodwill is allocated, using discounted cash flow method.<br><br>The determination of the recoverable value of CGUs requires management to make certain key estimates and assumptions including forecast of future cash flows, long-term growth rates, profitability levels and discount rates. Changes in these assumptions could lead to an impairment to the carrying value of the goodwill.<br><br>Considering goodwill balance is significant to the consolidated financial statements and auditing management judgement and estimates as stated above involves high degree of subjectivity and requires significant auditor judgement, impairment assessment of goodwill is considered as a key audit matter for the current year audit. | Our audit procedures relating to testing of impairment assessment of goodwill included but were not limited to the following:<br><br>• Obtained an understanding of management's process for identification of CGUs and impairments testing of goodwill;<br><br>• Evaluated the design and tested operative effectiveness of the key internal financial controls over the Group's process of impairment assessment of goodwill;<br><br>• Assessed the reasonability of the assumptions used by the management for cash flow forecasts by comparing to the historical trend of past performance of the CGU;s<br><br>• Traced the projections used by the management to approved business plans;<br><br>• Assessed the competence and objectivity of the management's valuation expert and obtained their valuation report on determination of recoverable amounts of CGUs and;<br><br>• Involved auditor's valuation expert to assess the valuation assumptions used and methodology considered by the management's expert to calculate the recoverable amounts of CGUs and the mathematical accuracy of these calculations;<br><br>• Performed sensitivity analysis on the key assumptions to evaluate estimation uncertainty and ascertain the sufficiency of headroom available; and<br><br>Evaluated the appropriateness and adequacy of disclosures given in the consolidated financial statements, including disclosure of significant assumptions and judgements used by management, in accordance with applicable Indian Accounting Standards. |

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

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Annual Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

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

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

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

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

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

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

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

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

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

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

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

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

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

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

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

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or

regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matter**

15. We did not audit the financial statements of twenty nine subsidiaries and one controlled trust, whose financial statements reflects total assets of ₹ 12,394.89 million as at 31 March 2024, total revenues of ₹ 7763.11 million and net cash inflows amounting to ₹ 755.72 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and controlled trust, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries and controlled trust, are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

15. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 14, on separate financial statements of the subsidiaries, we report that the Holding Company, incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to two subsidiaries, incorporated in India whose financial statements have been audited under the Act, since none of such companies is a public company as defined under section 2(71) of the Act.

16. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraph 14 above, of companies included in the consolidated financial statements for the year ended 31 March 2024 and covered under the Act we report that:

Following are the qualifications/adverse remarks reported by us and the other auditors in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2024 for which such Order reports have been issued till date and made available to us:

| S. No | Name | CIN | Holding Company / subsidiary | Clause number of the CARO report which is qualified or adverse |
|---|---|---|---|---|
| 1. | Persistent Systems Limited | L72300PN1990PLC056696 | Holding Company | Clause (ii) (b)<br>Clause (vii) (b) |
| 2. | CAPIOT Software Private limited | U72200PN2014PTC226352 | Wholly Owned Subsidiary | Clause (xvii) |

17. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors except for the matters stated in paragraph 19(f)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended). Further, the back-up of the books of accounts and other books and papers maintained in electronic mode has been maintained on servers physically located in India, on a daily basis;

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements; In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

    d) On the basis of the written representations received from the directors of the Holding Company, and its subsidiaries, and taken on record by the Board of Directors of the Holding Company, and its subsidiaries, and the reports of the statutory auditors of its subsidiaries, covered under the Act, none of the directors of the Group companies, are disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act.

    e) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiaries covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' wherein we have expressed an unmodified opinion; and

    f) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act:

        i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 42 to the consolidated financial statements;

        ii. The Holding Company, its subsidiaries and controlled trust did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2024;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiaries during the year ended 31 March 2024;

iv.

a. The respective managements of the Holding Company and its subsidiaries, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief , on the date of this audit report other than as disclosed in note 49 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiaries to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiaries, ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiaries incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, on the date of this audit report other than as disclosed in the note 50 to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiaries, from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiaries, shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The interim dividend declared and paid by the Holding Company and its subsidiaries, during the year ended 31 March 2024 and until the date of this audit report is in compliance with section 123 of the Act

The final dividend paid by the Holding Company during the year ended 31 March 2024 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

vi. As stated in Note 57 of the accompanying Consolidated financial statements and based on our examination which included test checks and that performed by the respective auditors of the subsidiaries of the Holding Company which are companies incorporated in India and audited under the Act, except for the instances/matters mentioned below, the Holding Company, and it subsidiaries, in respect of financial year commencing on 1 April 2023, has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we and respective auditors of the above referred subsidiaries, did not come across any instance of audit trail feature being tampered with.

vii.

| Nature of exception noted | Details of Exception |
|---|---|
| Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature | The accounting software (Oracle Fusion ERP) used for maintenance of books of accounts of the Company is operated by a third-party software service provider. In the absence of any information on existence of audit trail (edit logs) for any direct changes made at the database level in the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with ISAE 3402, Assurance Reports on Controls at a Service Organisation), we are unable to comment on whether audit trail feature with respect to the database of the said software was enabled and operated throughout the year. |

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

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

SHASHI TADWALKAR
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Date: 2024.04.21 21:44:05 +05'30'

**Shashi Tadwalkar**
Partner
Membership No.: 101797

**UDIN:** 24101797BKCPBI6116

**Place**: Pune
**Date**: 21 April 2024

## Annexure A

**Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the consolidated financial statements of Persistent Systems Limited ('the Holding Company') and its subsidiaries and its controlled trust (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company, which are companies covered under the Act, as at that date.

**Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The respective Board of Directors of the Holding Company, its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. The audit of internal financial controls with reference to financial statements of one subsidiary, which is a company covered under the Act, and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13 June 2017 read with corrigendum dated 14 July 2017. Consequently, Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter(s) paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, as aforesaid.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company, its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2024, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on audit of Internal Financial Control over Financial Reporting issued by the ICAI.

**Other Matter**

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to one subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 12,394.89 million and net assets of ₹ 3,087.23 million as at 31 March 2024, total revenues of ₹ 7,763.11 million and net cash inflows/outflows amounting to ₹ 755.72 million for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company, have been audited by other auditors whose report have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary company as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such

subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

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

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2024.04.21 21:44:44 +05'30'

**Shashi Tadwalkar**
Partner
Membership No.: 101797

**UDIN:** 24101797BKCPBI6116

**Place:** Pune
**Date:** 21 April 2024

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2024

| | Notes | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5.1 | 4,420.03 | 4,859.95 |
| Capital work-in-progress | 5.2 | 335.26 | 161.38 |
| Right of use assets | 5.3 | 2,307.18 | 2,198.21 |
| Goodwill | 5.4 | 10,912.56 | 7,183.71 |
| Other Intangible assets | 5.5 | 4,574.95 | 9,171.42 |
| | | **22,549.98** | **23,574.67** |
| Financial assets | | | |
| - Trade receivables | 12 | 730.18 | 709.45 |
| - Investments | 6 | 5,539.14 | 4,516.00 |
| - Loans | 7 | - | - |
| - Other financial assets | 8 | 525.31 | 919.60 |
| Deferred tax assets (net) | 9 | 1,359.64 | 1,133.97 |
| Income tax assets (net) | | 387.05 | 451.71 |
| Other non-current assets | 10 | 1,413.03 | 959.29 |
| | | **32,504.33** | **32,264.69** |
| **Current assets** | | | |
| Financial assets | | | |
| - Investments | 11 | 2,726.54 | 1,879.66 |
| - Trade receivables | 12 | 16,761.13 | 15,253.22 |
| - Cash and cash equivalents | 13 | 6,625.15 | 4,670.12 |
| - Bank balances other than cash and cash equivalents | 14 | 3,603.71 | 4,362.68 |
| - Loans | 15 | - | - |
| - Other financial assets | 16 | 6,621.83 | 4,882.17 |
| Other current assets | 17 | 4,893.49 | 3,418.26 |
| | | **41,231.85** | **34,466.11** |
| **TOTAL** | | **73,736.18** | **66,730.80** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Equity share capital | 18(a) | 770.25 | 764.25 |
| Other equity | 18(b) | 48,806.82 | 38,886.53 |
| | | **49,577.07** | **39,650.78** |
| **LIABILITIES** | | | |
| **Non- current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 19 | 99.15 | 2,057.59 |
| - Lease liabilities | 20 | 1,608.09 | 1,592.20 |
| - Other financial liabilities | 23 | - | 2,888.92 |
| Other non-current liabilities | 24 | 44.44 | 34.83 |
| Deferred tax liabilities (net) | 9 | 18.76 | 4.68 |
| Provisions | 21 | 546.96 | 373.03 |
| | | **2,317.40** | **6,951.25** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 19 | 1,974.04 | 2,249.36 |
| - Lease liabilities | 20 | 830.01 | 676.39 |
| - Trade payables | 22 | | |
| - Total outstanding dues of micro and small enterprises | | 49.63 | 34.04 |
| - Total outstanding dues of creditors other than micro and small enterprises | | 8,088.99 | 5,655.04 |
| - Other financial liabilities | 23 | 3,718.27 | 3,922.85 |
| Other current liabilities | 24 | 3,302.82 | 2,647.71 |
| Provisions | 25 | 3,330.66 | 4,649.24 |
| Income tax liabilities (net) | | 547.29 | 294.14 |
| | | **21,841.71** | **20,128.77** |
| **TOTAL** | | **73,736.18** | **66,730.80** |
| Summary of material accounting policies | 4 | | |

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

As per our report of even date

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

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

SHASHI TADWALKAR Digitally signed by SHASHI TADWALKAR Date: 2024.04.21 21:45:07 +05'30'

Anand Deshpande (Apr 21, 2024 10:50 EDT)

Sandeep Kalra (Apr 21, 2024 10:48 EDT)

PRAVEEN PURUSHOTTAM KADLE Digitally signed by PRAVEEN PURUSHOTTAM KADLE Date: 2024.04.21 20:53:50 +05'30'

| | | | |
|---|---|---|---|
| **Shashi Tadwalkar** | **Dr. Anand Deshpande** | **Sandeep Kalra** | **Praveen Kadle** |
| Partner | Chairman and Managing Director | Executive Director and Chief Executive Officer | Independent Director |
| Membership No. : 101797 | DIN: 00005721 | DIN: 02506494 | DIN: 00016814 |
| Place : India | Place : USA | Place : USA | Place : India |
| Date : April 21, 2024 | Date : April 21, 2024 | Date : April 21, 2024 | Date : April 21, 2024 |

Sunil Sapre (Apr 21, 2024 10:56 EDT) Amit Atre (Apr 21, 2024 11:02 EDT)

| | |
|---|---|
| **Sunil Sapre** | **Amit Atre** |
| Executive Director and Chief Financial Officer | Company Secretary |
| DIN: 06475949 | Membership No. A20507 |
| Place : USA | Place : USA |
| Date : April 21, 2024 | Date : April 21, 2024 |

**Persistent Systems Limited**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024**

| | Notes | For the year ended March 31, 2024 In ₹ Million | March 31, 2023 In ₹ Million |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 26 | 98,215.87 | 83,505.92 |
| Other income | 27 | 1,280.20 | 706.17 |
| **Total income (A)** | | **99,496.07** | **84,212.09** |
| **Expenses** | | | |
| Employee benefits expense | 28.1 | 59,609.70 | 49,695.65 |
| Cost of professionals | 28.2 | 11,492.70 | 10,426.01 |
| Finance costs | | 467.27 | 473.40 |
| Depreciation and amortization expense | 5.6 | 3,093.73 | 2,718.95 |
| Other expenses | 29 | 10,356.61 | 8,193.01 |
| **Total expenses (B)** | | **85,020.01** | **71,507.02** |
| **Profit before exceptional items and tax (A - B)** | | **14,476.06** | **12,705.07** |
| **Exceptional item** | | | |
| Provision for export incentives | | - | 296.55 |
| **Profit before tax** | | **14,476.06** | **12,408.52** |
| **Tax expense** | | | |
| Current tax | | 3,679.65 | 3,115.31 |
| Tax charge in respect of earlier years | | 73.19 | (3.54) |
| Deferred tax credit | | (211.69) | 85.82 |
| **Total tax expense** | | **3,541.15** | **3,197.59** |
| **Net profit for the year (C)** | | **10,934.91** | **9,210.93** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss (D)** | | | |
| - Remeasurements of the defined benefit liabilities / asset | | (98.29) | (17.69) |
| - Income tax effect on above | | 21.29 | 5.31 |
| | | **(77.00)** | **(12.38)** |
| **Items that will be reclassified to profit or loss (E)** | | | |
| - Effective portion of cash flow hedge | | 21.59 | (63.55) |
| - Income tax effect on above | | 8.02 | 15.99 |
| - Exchange differences in translating the financial statements of foreign operations | | 104.82 | 798.19 |
| | | **134.43** | **750.63** |
| **Total other comprehensive income / (loss) for the year (D) + (E)** | | **57.43** | **738.25** |
| **Total comprehensive income for the year (C) + (D) + (E)** | | **10,992.34** | **9,949.18** |
| **Earnings per equity share** | 30 | | |
| **[Nominal value of share ₹5 (Previous year: ₹5)]** | | | |
| Basic (In ₹) | | 72.44 | 61.87 |
| Diluted (In ₹) | | 71.07 | 60.26 |
| Summary of material accounting policies | 4 | | |

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

As per our report of even date

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

SHASHI TADWALKAR Digitally signed by SHASHI TADWALKAR Date: 2024.04.21 21:45:28 +05'30'

**Shashi Tadwalkar**
Partner
Membership No. : 101797

Place : India
Date : April 21, 2024

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

Anand Deshpande (Apr 21, 2024 10:50 EDT)

**Dr. Anand Deshpande**
Chairman and Managing Director
DIN: 00005721
Place : USA
Date : April 21, 2024

Sandeep Kalra
Sandeep Kalra (Apr 21, 2024 10:48 EDT)

**Sandeep Kalra**
Executive Director and Chief Executive Officer
DIN: 02506494
Place : USA
Date : April 21, 2024

PRAVEEN PURUSHOTTAM KADLE Digitally signed by PRAVEEN PURUSHOTTAM KADLE Date: 2024.04.21 20:54:04 +05'30'

**Praveen Kadle**
Independent Director
DIN: 00016814
Place : India
Date : April 21, 2024

Sunil Sapre
Sunil Sapre (Apr 21, 2024 10:56 EDT)

**Sunil Sapre**
Executive Director and Chief Financial Officer
DIN: 06475949
Place : USA
Date : April 21, 2024

Amit Atre
Amit Atre (Apr 21, 2024 11:02 EDT)

**Amit Atre**
Company Secretary
Membership No. A20507
Place : USA
Date : April 21, 2024

# Persistent Systems Limited

**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024**

| | | For the year ended March 31, 2024 In ₹ Million | For the year ended March 31, 2023 In ₹ Million |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| **Profit before tax** | | **14,476.06** | **12,408.52** |
| Adjustments for: | | | |
| Interest income | | (562.45) | (512.63) |
| Finance costs | | 467.27 | 473.40 |
| Depreciation and amortisation expense | | 3,093.73 | 2,718.95 |
| Unrealised exchange loss (net) | | 27.27 | 190.68 |
| Change in foreign currency translation reserve | | 172.65 | 491.89 |
| Exchange (gain) / loss on derivative contracts | | (70.63) | 88.69 |
| Exchange (gain) on translation of foreign currency cash and cash equivalents | | (23.84) | (10.54) |
| Bad debts | | 63.36 | 82.33 |
| Allowance for expected credit loss (net) | | 103.57 | 3.03 |
| Employee stock compensation expenses | | 1,091.75 | 1,357.14 |
| Loss / Impairment of non-current investments | | 20.58 | - |
| Changes in contingent consideration payable on business combination | | (743.03) | |
| Remeasurements of the defined benefit liabilities / asset (before tax effects) | | (98.29) | (17.69) |
| Excess provision in respect of earlier year written back | | (27.76) | (32.44) |
| Profit on sale / fair valuation of financial assets designated as FVTPL | | (289.11) | (196.52) |
| Profit on sale of property, plant and equipment (net) | | (22.64) | (1.69) |
| Provision for export incentives | | - | 296.55 |
| **Operating profit before working capital changes** | | **17,678.49** | **17,339.67** |
| **Movements in working capital :** | | | |
| Decrease in non-current and current loans | | - | 1.83 |
| (Increase) / Decrease in other non-current assets | | (256.22) | 435.75 |
| Increase in other financial assets | | (1,751.22) | (1,541.68) |
| Increase in other current assets | | (1,475.23) | (1,233.36) |
| Increase in trade receivables | | (1,810.64) | (5,554.83) |
| Increase in trade payables, current liabilities and non-current liabilities | | 4,386.28 | 2,687.81 |
| (Decrease) / Increase in provisions | | (1,144.65) | 827.07 |
| **Operating profit after working capital changes** | | **15,626.81** | **12,962.26** |
| Direct taxes paid (net of refunds) | | (3,413.74) | (3,404.64) |
| **Net cash generated from operating activities** | **(A)** | **12,213.07** | **9,557.62** |
| | | | |
| **Cash flows from investing activities** | | | |
| Payment towards capital expenditure (including intangible assets, capital advances and capital creditors) | | (2,839.16) | (4,332.99) |
| Proceeds from sale of property, plant and equipment | | 48.65 | 11.98 |
| Acquisition of step-down subsidiaries | | - | (4,310.57) |
| Payment towards contingent consideration | | (2,073.64) | - |
| Purchase of bonds | | (0.70) | (237.41) |
| Proceeds from sale/ maturity of bonds | | 80.70 | 31.49 |
| Investments in mutual funds | | (50,723.06) | (37,285.09) |
| Proceeds from sale / maturity of mutual funds | | 49,042.09 | 40,054.82 |
| Proceeds from maturity of bank deposits having original maturity over three months | | 773.06 | 1,715.51 |
| Proceeds from maturity of / (Investments) in deposits with financial institutions | | 400.00 | (400.00) |
| Interest received | | 597.38 | 539.16 |
| **Net cash used in investing activities** | **(B)** | **(4,694.68)** | **(4,213.10)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Repayment of long term borrowings in Indian rupee | | (1.84) | (1.86) |
| Proceeds from issuance of share capital | | 1,607.80 | - |
| Repayment of foreign currency long term borrowings | | (2,231.88) | (38.37) |
| Payment of principal portion of lease liabilities | | (760.18) | (545.22) |
| Payment of interest portion of lease liabilities | | (180.02) | (137.86) |
| Interest paid | | (287.29) | (335.56) |
| Dividends paid | | (4,083.62) | (2,980.58) |
| **Net cash (used in) / generated from financing activities** | **(C )** | **(5,937.03)** | **(4,039.45)** |

## Persistent Systems Limited

**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024**

| | For the year ended March 31, 2024 In ₹ Million | March 31, 2023 In ₹ Million |
|---|---|---|
| Net increase in cash and cash equivalents (A + B + C) | 1,581.36 | 1,305.07 |
| Cash and cash equivalents at the beginning of the year | 4,670.12 | 2,977.99 |
| Cash and cash equivalents acquired on acquisition | - | 642.81 |
| Effect of exchange difference on translation of foreign currency cash and cash equivalents | 23.84 | 10.54 |
| Impact of ESOP Trust consolidation | 349.83 | (266.29) |
| **Cash and cash equivalents at the end of the year** | **6,625.15** | **4,670.12** |
| | | |
| **Components of cash and cash equivalents** | | |
| Cash on hand (refer note 13) | 0.11 | 0.25 |
| Balances with banks | | |
| On current accounts # (refer note 13) | 4,819.66 | 3,303.76 |
| On saving accounts (refer note 13) | 23.48 | 33.21 |
| On exchange earner's foreign currency accounts (refer note 13) | 1,401.87 | 638.90 |
| On deposit accounts with original maturity less than three months (refer note 13) | 380.03 | 279.68 |
| On Other accounts (refer note 13) | - | 414.32 |
| **Cash and cash equivalents** | **6,625.15** | **4,670.12** |

# Of the cash and cash equivalent balance as at March 31, 2024, the Company can utilise ₹ 65.10 million (Previous year: ₹ 125.39 million) only towards certain predefined activities specified in the government grant agreement.

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 - refer note 4

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

As per our report of even date

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

SHASHI TADWALKAR Digitally signed by SHASHI TADWALKAR Date: 2024.04.21 21:45:54 +05'30'

**Shashi Tadwalkar**
Partner

Membership No. : 101797

Place : India
Date : April 21, 2024

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

Anand Deshpande
Anand Deshpande (Apr 21, 2024 10:50 EDT)

**Dr. Anand Deshpande**
Chairman and Managing Director

DIN: 00005721

Place : USA
Date : April 21, 2024

Sandeep Kalra
Sandeep Kalra (Apr 21, 2024 10:48 EDT)

**Sandeep Kalra**
Executive Director and Chief Executive Officer

DIN: 02506494

Place : USA
Date : April 21, 2024

PRAVEEN PURUSHOTTAM KADLE Digitally signed by PRAVEEN PURUSHOTTAM KADLE Date: 2024.04.21 20:54:19 +05'30'

**Praveen Kadle**
Independent Director

DIN: 00016814

Place : India
Date : April 21, 2024

Sunil Sapre
Sunil Sapre (Apr 21, 2024 10:56 EDT)

**Sunil Sapre**
Executive Director and Chief Financial Officer

DIN: 06475949

Place : USA
Date : April 21, 2024

Amit Atre
Amit Atre (Apr 21, 2024 11:02 EDT)

**Amit Atre**
Company Secretary

Membership No. A20507

Place : USA
Date : April 21, 2024

## Persistent Systems Limited

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024**

**A. Share capital**

(refer note 18(a))

**(In ₹ Million)**

| Balance as at April 1, 2023 | Changes in equity share capital during the year | Balance as at March 31, 2024 |
|---|---|---|
| | | |
| **764.25** | **6.00** | **770.25** |

**(In ₹ Million)**

| Balance as at April 1, 2022 | Changes in equity share capital during the year | Balance as at March 31, 2023 |
|---|---|---|
| | | |
| **764.25** | **-** | **764.25** |

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**Persistent Systems Limited**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024**

**B. Other equity**

(In ₹ Million)

| Particulars | Reserves and surplus | | | | | | | | Items of other comprehensive income | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Securities premium | General reserve | Share options outstanding reserve | Gain on bargain purchase | Capital redemption reserve | Retained earnings | Treasury shares | PSL ESOP Trust reserve | Effective portion of cash flow hedges | Exchange differences on translating the financial statements of foreign operations | |
| **Balance as at April 1, 2023** | - | 20,824.45 | 2,222.02 | 62.67 | 35.75 | 16,607.36 | (2,435.67) | 70.31 | (5.76) | 1,505.40 | 38,886.53 |
| Addition during the year | 1,601.80 | | | | | | | | | | 1,601.80 |
| Profit for the year | - | - | - | - | - | 10,934.91 | - | - | | - | 10,934.91 |
| Items recognised in / from other comprehensive income for the year | - | - | - | - | - | (98.29) | - | - | 29.61 | 104.82 | 36.14 |
| Income tax effect on above | - | - | - | - | - | 21.29 | | | | | 21.29 |
| Dividend | - | - | - | - | - | (4,153.95) | - | - | - | - | (4,153.95) |
| Dividend Paid to ESOP trust | - | - | - | - | - | - | - | 70.33 | - | - | 70.33 |
| Transfer to general reserve | - | 3,965.23 | - | - | - | (3,965.23) | - | - | - | - | - |
| Adjustments towards employees stock options | - | 1,087.56 | (1,087.56) | - | - | - | - | - | - | - | - |
| Employee stock compensation expenses | - | - | 1,091.75 | - | - | - | - | - | - | - | 1,091.75 |
| Other changes during the year | - | (34.25) | 1.50 | 0.94 | - | - | - | - | - | - | (31.81) |
| Shares held by ESOP trust | - | - | - | - | - | - | 349.83 | - | - | - | 349.83 |
| **Balance at March 31, 2024** | **1,601.80** | **25,842.99** | **2,227.71** | **63.61** | **35.75** | **19,346.09** | **(2,085.84)** | **140.64** | **23.85** | **1,610.22** | **48,806.82** |

(In ₹ Million)

| Particulars | Reserves and surplus | | | | | | | Items of other comprehensive income | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | General reserve | Share options outstanding reserve | Gain on bargain purchase | Capital redemption reserve | Retained earnings | Treasury shares | PSL ESOP Trust reserve | Effective portion of cash flow hedges | Exchange differences on translating the financial statements of foreign operations | |
| **Balance as at April 1, 2022** | 17,376.65 | 1,144.84 | 57.80 | 35.75 | 13,553.90 | - | - | 41.80 | 707.21 | 32,917.95 |
| Profit for the year | - | - | - | - | 9,210.93 | - | - | - | - | 9,210.93 |
| Items recognised in / from other comprehensive income for the year | - | - | - | - | (17.69) | - | - | (47.56) | 798.19 | 732.94 |
| Income tax effect on above | - | - | - | - | 5.31 | - | - | - | - | 5.31 |
| Dividend | - | - | - | - | (2,980.58) | - | - | - | - | (2,980.58) |
| Dividend Paid to ESOP trust | - | - | - | - | - | - | 70.31 | - | - | 70.31 |
| Shares held by ESOP trust | - | - | - | - | - | (2,435.67) | - | - | - | (2,435.67) |
| Transfer to general reserve | 3,164.51 | - | - | - | (3,164.51) | - | - | - | - | - |
| Adjustments towards employees stock options | 283.10 | (283.10) | - | - | - | - | - | - | - | - |
| Employee stock compensation expenses | - | 1,357.14 | - | - | - | - | - | - | - | 1,357.14 |
| Other changes during the year | 0.19 | 3.14 | 4.87 | - | - | - | - | - | - | 8.20 |
| **Balance at March 31, 2023** | **20,824.45** | **2,222.02** | **62.67** | **35.75** | **16,607.36** | **(2,435.67)** | **70.31** | **(5.76)** | **1,505.40** | **38,886.53** |

Summary of significant accounting policies - refer note 4

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

As per our report of even date

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

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2024.04.21 21:46:22 +05'30'

**Shashi Tadwalkar**
Partner

Membership No. : 101797

Place : India
Date : April 21, 2024

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

Anand Deshpande
Anand Deshpande (Apr 21, 2024 10:50 EDT)
**Dr. Anand Deshpande**
Chairman and
Managing Director

DIN: 00005721

Place: USA
Date : April 21, 2024

Sandeep Kalra
Sandeep Kalra (Apr 21, 2024 10:48 EDT)
**Sandeep Kalra**
Executive Director and
Chief Executive Officer

DIN: 02506494

Place: USA
Date : April 21, 2024

PRAVEEN PURUSHOTTAM KADLE
Digitally signed by PRAVEEN PURUSHOTTAM KADLE
Date: 2024.04.21 20:54:36 +05'30'
**Praveen Kadle**
Independent Director

DIN: 00016814

Place : India
Date : April 21, 2024

Sunil Sapre
Sunil Sapre (Apr 21, 2024 10:56 EDT)
**SunilSapre**
Executive Director and
Chief Financial Officer

DIN: 06475949

Place: USA
Date : April 21, 2024

Amit Atre
Amit Atre (Apr 21, 2024 11:02 EDT)
**AmitAtre**
Company Secretary

Membership No. A20507

Place: USA
Date : April 21, 2024

**Nature and purpose of reserves**

**a) General reserve**
The general reserve is a free reserve created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of other comprehensive income ("OCI"). The same can be utilized in accordance with the provisions of the Companies Act, 2013.

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

**c) Gain on bargain purchase**
The excess of the Group's portion of equity of the acquired company over its cost is treated as gain on bargain purchase in the financial statements.

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

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

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

**g) PSL ESOP Trust reserve and Treasury shares**

The Group has formed PSPL ESOP Management Trust ("PSL ESOP Trust") for implementation of the schemes that are notified or may be notified from time to time under the plans providing share based payment to its employees.

PSL ESOP Trust is a controlled entity of the Group and shares held by PSL ESOP Trust are treated as treasury shares. Profit / (Loss) on sale of treasury shares and dividend earned on the same by PSL ESOP Trust is recognised in PSL ESOP Trust reserve.

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

**i) Retained earnings**
Retained earnings represent the amount of accumulated earnings of the Group which includes remeasurements of the defined benefit liabilities / asset.

**Notes forming part of consolidated financial statements**

## 1 Nature of operations

Persistent Systems Limited (the “Parent Company” or “PSL”) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 ("the Act"). The shares of PSL are listed on Bombay Stock Exchange and National Stock Exchange. PSL is a global company specializing in software products, services and technology innovation. PSL together with its subsidiaries and controlled trust, is hereinafter referred to as "the Group". The Group offers complete product life cycle services.

The Board of Directors approved the consolidated financial statements for the year ended March 31, 2024 and authorised for issue on April 21, 2024.

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

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

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

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

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

Aepona Group Limited, an Ireland based wholly owned subsidiary of Persistent Systems, Inc. operates as the holding Company of Persistent Systems UK Ltd., is engaged in software development and related services.

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

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

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

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

Persistent Systems Germany GmbH (wholly owned subsidiary of PSL) operates as the holding Company of Persistent Systems Switzerland AG, Persistent Systems Costa Rica Limitada (formerly known as Data Glove IT Solutions Limitada) and Persistent Systems S.r.l., Romania. Youperience GmbH has been merged with Persistent Systems Germany GmbH w.e.f. August 21, 2023.

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

PARX Consulting GmbH (a Germany based wholly owned subsidiary of Persistent Systems Switzerland AG) has been merged with Persistent Systems Germany GmbH w.e.f. August 25, 2023.

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

Youperience GmbH (a Germany based wholly owned subsidiary of Persistent Systems Germany GmbH) has been merged with Persistent Systems Germany GmbH w.e.f. August 21, 2023.

Youperience Limited (a United Kingdom based wholly owned subsidiary of Youperience GmbH) has been dissolved w.e.f. June 27, 2023.

Persistent Systems S.R.L. Romania is incorporated on June 17, 2022 and a wholly owned subsidiary of Persistent Systems Germany GmbH is engaged in software development and services.

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

CAPIOT Software Inc (a US based wholly owned subsidiary of Persistent Systems Inc) has been dissolved w.e.f. December 29, 2023.

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

CAPIOT Software Pte Limited (a Singapore based wholly owned subsidiary of CAPIOT Software Inc) has been dissolved w.e.f. April 6, 2023 and the same has not been considered for the purpose of consolidation.

Persistent Systems SRL(a Italy based wholly owned subsidiary of Persistent Systems Inc.) has been dissolved w.e.f. February 26, 2024.

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

SCI Fusion360 LLC (a US based wholly owned subsidiary of Persistent Systems Inc) has been dissolved w.e.f May 31, 2023.

MediaAgility India Private Limited (an India based wholly owned subsidiary of PSL) (acquired with effect from April 29, 2022) is engaged in cloud-native application development and modernization, analytics and AI, cloud engineering, migrations, and managed services.

MediaAgility Inc (a US based wholly owned subsidiary of Persistent Systems Inc) (acquired with effect from May 4, 2022) is cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner.

MediaAgility UK Limited (a UK based wholly owned subsidiary of Persistent Systems Inc) (acquired with effect from May 4, 2022) is cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner.

DIGITALAGILITY S DE RL DE CV (a Mexico based wholly owned subsidiary of Persistent Systems Inc) (acquired with effect from May 4, 2022) is cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner.

Media Agility Pte Ltd (a Singapore based wholly owned subsidiary of Persistent Systems Inc) (acquired with effect from May 4, 2022) is cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner.

Persistent Systems Poland sp z.o.o. is a subsidiary of Persistent Systems Inc. and is incorporated on April 5, 2023 is engaged in providing software products, services and technology innovation.

The Group has assessed PSPL ESOP Management Trust to be a controlled entity and accordingly the same has been consolidated w.e.f. April 1, 2022 on a prospective basis.

## 2 Basis of preparation

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

These consolidated financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), the provisions of the Companies Act, 2013 (“the Act”) (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.. The functional currency of PSL, its Indian subsidiaries and its controlled trust is ₹ and the functional currencies of other subsidiaries are their respective local currencies. Consolidated financial statements are presented in ₹ Million unless otherwise specified.

## 3 Basis of consolidation

The consolidated financial statements of the Group for the year ended March 31, 2024 are prepared in accordance with generally accepted accounting principles applicable in India, and the Indian Accounting Standard 110 (Ind AS 110) on ‘Consolidated Financial Statements’, notified by Companies (Accounting Standards) Rules, 2015, (“Indian Accounting Standards”) by and to the extent possible in the same format as that adopted by the Parent Company for its separate financial statements.

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

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

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

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

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

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The subsidiary companies and controlled trust considered in consolidated financial statements are as follows:

| Name of the subsidiary/ associate | Ownership Percentage as at | | Country of incorporation |
|---|---|---|---|
| | 31-Mar-24 | 31-Mar-23 | |
| Persistent Systems, Inc. | 100% | 100% | USA |
| Persistent Systems Pte Ltd. | 100% | 100% | Singapore |
| Persistent Systems France SAS | 100% | 100% | France |
| Persistent Telecom Solutions Inc. | 100% | 100% | USA |
| Persistent Systems Malaysia Sdn. Bhd. | 100% | 100% | Malaysia |
| Aepona Group Limited | 100% | 100% | Ireland |
| Persistent Systems UK Limited (formerly known as Aepona Limited) | 100% | 100% | UK |
| Persistent Systems Lanka (Private) Limited | 100% | 100% | Sri Lanka |
| Persistent Systems Mexico, S.A. de C.V. | 100% | 100% | Mexico |
| Persistent Systems Israel Ltd. | 100% | 100% | Israel |
| Persistent Systems Germany GmbH | 100% | 100% | Germany |
| Persistent Systems Switzerland AG (formerly known as PARX Werk AG) | 100% | 100% | Switzerland |
| PARX Consulting GmbH (Merged w.e.f. August 25, 2023) | - | 100% | Germany |
| Youperience GmbH (Merged w.e.f. August 21, 2023) | - | 100% | Germany |
| Youperience Limited (Dissolved w.e.f. June 27, 2023) | - | 100% | United Kingdom |
| CAPIOT Software Private Limited | 100% | 100% | India |
| CAPIOT Software Inc. (Dissolved w.e.f. December 29, 2023) | - | 100% | USA |
| Persistent Systems Australia Pty Ltd (formerly known as CAPIOT Software Pty Ltd) | 100% | 100% | Australia |
| CAPIOT Software Pte Limited (Dissolved w.e.f. April 6, 2023) (refer note 1) | - | 100% | Singapore |
| Persistent Systems S.R.L. (Dissolved w.e.f. February 26, 2024) | - | 100% | Italy |
| Software Corporation International | 100% | 100% | USA |
| SCI Fusion360 LLC (Dissolved w.e.f. May 31, 2023) | - | 100% | USA |
| Persistent Systems Costa Rica Limitada (formerly known as Data Glove IT Solutions Limitada) | 100% | 100% | Costa Rica |
| MediaAgility India Private Limited (Acquired w.e.f. April 29, 2022) | 100% | 100% | India |
| MediaAgility Inc. (Acquired w.e.f. May 4, 2022) | 100% | 100% | USA |
| DIGITALAGILITY S DE RL DE CV (Acquired w.e.f. May 4, 2022) | 100% | 100% | Mexico |
| MediaAgility UK Limited (Acquired w.e.f. May 4, 2022) | 100% | 100% | UK |
| Media Agility Pte Ltd (Acquired w.e.f. May 4, 2022) | 100% | 100% | Singapore |
| Persistent Systems S.R.L. Romania (Incorporated on Jun 17, 2022) | 100% | 100% | Romania |
| Persistent Systems Poland sp z.o.o. (Incorporated on April 5, 2023) | 100% | - | Poland |
| PSPL ESOP Management Trust | 100% | 100% | India |

The share of subsidiaries in the consolidated net assets, consolidated profit or loss and consolidated other comprehensive income is as follows for Financial Year 2023-24:

| Name of the Company | Share in Net assets | | Share in Profit or (loss) | | Share in Other Comprehensive Income (OCI) | | Share in Total Comprehensive Income | |
|---|---|---|---|---|---|---|---|---|
| | As a % of consolidated net assets | Amount (₹ million) | As a % of consolidated profit | Amount (₹ million) | As a % of consolidated OCI | Amount (₹ million) | As a % of consolidated Total Comprehensive Income | Amount (₹ million) |
| **Parent Company:** | | | | | | | | |
| Persistent Systems Limited | 79.08% | 47,786.51 | 81.97% | 9,856.65 | 71.20% | (33.74) | 82.02% | 9,822.91 |
| **Subsidiaries:** | | | | | | | | |
| Persistent Systems, Inc. | 14.53% | 8,777.68 | 13.25% | 1,593.77 | 0.00% | - | 13.31% | 1,593.77 |
| Persistent Systems Pte. Ltd. | 0.06% | 37.50 | 0.03% | 3.35 | 0.00% | - | 0.03% | 3.35 |
| Persistent Systems France SAS | -0.02% | (9.23) | -0.93% | (111.62) | 0.00% | - | -0.93% | (111.62) |
| Persistent Telecom Solutions Inc. | 0.47% | 283.66 | 0.90% | 108.41 | 0.00% | - | 0.91% | 108.41 |
| Persistent Systems Malaysia Sdn. Bhd. | 0.41% | 249.82 | 0.03% | 3.31 | 0.00% | - | 0.03% | 3.31 |
| Aepona Group Limited | 1.36% | 819.69 | 6.41% | 771.14 | 0.00% | - | 6.44% | 771.14 |
| Persistent Systems UK Limited | 0.09% | 52.33 | 0.39% | 46.67 | 0.00% | - | 0.39% | 46.67 |
| Persistent Systems Lanka (Private) Limited | 0.48% | 288.02 | 0.21% | 25.64 | 28.80% | (13.65) | 0.10% | 11.99 |
| Persistent Systems Israel Ltd. | 0.27% | 160.33 | 0.00% | (0.13) | 0.00% | - | 0.00% | (0.13) |
| Persistent Systems Mexico, S.A. de C.V. | 0.18% | 111.03 | 0.38% | 46.00 | 0.00% | - | 0.38% | 46.00 |
| Persistent Systems Germany GmbH | 0.44% | 268.45 | 0.43% | 51.77 | 0.00% | - | 0.43% | 51.77 |
| Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) | 0.50% | 304.69 | 2.82% | 339.56 | 0.00% | - | 2.84% | 339.56 |
| PARX Consulting GmbH | 0.00% | - | -0.31% | (36.85) | 0.00% | - | -0.31% | (36.85) |
| Youperience Limited | 0.00% | - | 0.00% | 0.43 | 0.00% | - | 0.00% | 0.43 |
| Youperience GmbH | 0.00% | - | -0.14% | (17.35) | 0.00% | - | -0.14% | (17.35) |
| CAPIOT Software Private Limited | 0.09% | 55.85 | -0.01% | (1.70) | 0.00% | - | -0.01% | (1.70) |
| CAPIOT Software Inc. | 0.00% | - | 0.05% | 5.82 | 0.00% | - | 0.05% | 5.82 |
| Persistent Systems Australia Pty Ltd | -0.16% | (95.63) | -0.28% | (34.06) | 0.00% | - | -0.28% | (34.06) |
| CAPIOT Software Pte Limited (refer note 1) | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Persistent Systems S.R.L | 0.00% | - | 0.03% | 3.41 | 0.00% | - | 0.03% | 3.41 |
| Software Corporation International | 0.04% | 21.64 | -0.19% | (22.29) | 0.00% | - | -0.19% | (22.29) |
| SCI Fusion360 LLC | 0.00% | - | -0.12% | (14.57) | 0.00% | - | -0.12% | (14.57) |
| Persistent Systems Costa Rica Limitada | 0.21% | 124.87 | 0.46% | 54.74 | 0.00% | - | 0.46% | 54.74 |
| MediaAgility India Private Limited | 0.65% | 393.28 | 1.31% | 157.39 | 0.00% | - | 1.31% | 157.39 |
| MediaAgility Inc. | 1.47% | 886.15 | -0.54% | (64.68) | 0.00% | - | -0.54% | (64.68) |
| MediaAgility UK LTD | -0.02% | (14.38) | 0.01% | 0.61 | 0.00% | - | 0.01% | 0.61 |
| DIGITALAGILITY S DE RL DE CV | -0.12% | (71.10) | -0.16% | (18.83) | 0.00% | - | -0.16% | (18.83) |
| MediaAgility Pte Ltd | 0.03% | 16.90 | 0.03% | 3.15 | 0.00% | - | 0.03% | 3.15 |
| Persistent Systems S.R.L.- Romania | 0.07% | 39.40 | 0.25% | 30.52 | 0.00% | - | 0.25% | 30.52 |
| Persistent Systems Poland sp z.o.o. | 0.02% | 13.12 | 0.11% | 12.63 | 0.00% | - | 0.11% | 12.63 |
| PSPL ESOP Management Trust | -0.12% | (74.61) | -6.39% | (768.92) | 0.00% | - | -6.42% | (768.92) |
| **Subtotal** | **100.00%** | **60,425.97** | **100.00%** | **12,023.97** | **100.00%** | **(47.39)** | **100.00%** | **11,976.58** |
| Exchange differences on translating the financial statements of foreign operations | - | - | - | - | - | 104.82 | - | 104.82 |
| Consolidation adjustments | - | (10,848.90) | - | - | - | - | - | - |
| Amortization of Intangibles recognized on Business Combination | - | - | - | (1,010.58) | - | - | - | (1,010.58) |
| DTA on items recognised on consolidation | - | - | - | 7.66 | - | - | - | 7.66 |
| Dividend from subsidiaries | - | - | - | (995.82) | - | - | - | (995.82) |
| Others | - | - | - | 909.68 | - | - | - | 909.68 |
| **Total** | | **49,577.07** | | **10,934.91** | **100.00%** | **57.43** | | **10,992.34** |

Note 1: CAPIOT Software Pte Limited has been dissolved w.e.f. April 6, 2023 and the same has not been considered for the purpose of consolidation.

The share of subsidiaries in the consolidated net assets, consolidated profit or loss and consolidated other comprehensive income is as follows for Financial Year 2022-23:

| Name of the Company | Share in Net assets | | Share in Profit or (loss) | | Share in Other Comprehensive Income (OCI) | | Share in Total Comprehensive Income | |
|---|---|---|---|---|---|---|---|---|
| | As a % of consolidated net assets | Amount (₹ million) | As a % of consolidated profit | Amount (₹ million) | As a % of consolidated OCI | Amount (₹ million) | As a % of consolidated Total Comprehensive Income | Amount (₹ million) |
| **Parent Company:** | | | | | | | | |
| Persistent Systems Limited | 77.79% | 39,652.25 | 78.28% | 7,911.28 | 105.67% | (63.33) | 78.12% | 7,847.95 |
| **Subsidiaries:** | | | | | | | | |
| Persistent Systems, Inc. | 13.86% | 7,066.82 | 13.28% | 1,342.02 | - | - | 13.36% | 1,342.02 |
| Persistent Systems Pte. Ltd. | 0.07% | 34.15 | -0.01% | (1.15) | - | - | -0.01% | (1.15) |
| Persistent Systems France SAS | 0.20% | 102.08 | -0.14% | (13.91) | - | - | -0.14% | (13.91) |
| Persistent Telecom Solutions Inc. | 0.34% | 171.92 | 0.60% | 60.98 | - | - | 0.61% | 60.98 |
| Persistent Systems Malaysia Sdn. Bhd. | 0.51% | 260.82 | 0.70% | 70.46 | - | - | 0.70% | 70.46 |
| Aepona Group Limited | 0.07% | 36.72 | 0.02% | 2.12 | - | - | 0.02% | 2.12 |
| Persistent Systems UK Limited | 0.01% | 4.85 | 1.50% | 151.89 | - | - | 1.51% | 151.89 |
| Persistent Systems Lanka (Private) Limited | 0.49% | 248.01 | 0.51% | 51.35 | -8.51% | 5.10 | 0.56% | 56.45 |
| Persistent Systems Israel Ltd. | 0.32% | 161.57 | 0.01% | 1.15 | - | - | 0.01% | 1.15 |
| Persistent Systems Mexico, S.A. de C.V. | 0.11% | 56.67 | 0.29% | 29.80 | - | - | 0.30% | 29.80 |
| Persistent Systems Germany GmbH | 2.51% | 1,278.57 | -0.96% | (96.91) | - | - | -0.96% | (96.91) |
| PARX Werk AG | 0.52% | 265.24 | 0.40% | 40.19 | - | - | 0.40% | 40.19 |
| PARX Consulting GmbH | -0.25% | (127.39) | -0.86% | (87.06) | - | - | -0.87% | (87.06) |
| Youperience Limited | 0.00% | (0.43) | -0.01% | (0.91) | - | - | -0.01% | (0.91) |
| Youperience GmbH | -0.34% | (171.37) | -0.69% | (69.46) | - | - | -0.69% | (69.46) |
| CAPIOT Software Private Limited | 0.11% | 57.55 | 0.09% | 9.53 | - | - | 0.09% | 9.53 |
| CAPIOT Software Inc. | -0.01% | (3.97) | -0.42% | (42.74) | - | - | -0.43% | (42.74) |
| Persistent Systems Australia Pty Ltd | -0.01% | (2.63) | -0.03% | (3.41) | - | - | -0.03% | (3.41) |
| CAPIOT Software Pte Limited | 0.00% | 0.00 | 0.11% | 10.90 | - | - | 0.11% | 10.90 |
| Persistent Systems S.R.L | -0.01% | (3.40) | -0.01% | (1.36) | - | - | -0.01% | (1.36) |
| Software Corporation International | 0.57% | 289.95 | 0.57% | 57.33 | - | - | 0.57% | 57.33 |
| SCI Fusion360 LLC | 0.04% | 21.54 | 0.10% | 10.17 | - | - | 0.10% | 10.17 |
| Data Glove IT Solutions Limitada | 0.48% | 245.56 | 1.51% | 153.07 | - | - | 1.52% | 153.07 |
| MediaAgility India Private Limited | 0.95% | 485.90 | 1.86% | 188.42 | 2.84% | (1.70) | 1.86% | 186.72 |
| MediaAgility Inc. | 1.84% | 937.26 | 2.86% | 288.62 | - | - | 2.87% | 288.62 |
| MediaAgility UK LTD | -0.03% | (14.50) | 0.01% | 1.17 | - | - | 0.01% | 1.17 |
| DIGITALAGILITY S DE RL DE CV | -0.09% | (46.36) | -0.05% | (4.57) | - | - | -0.05% | (4.57) |
| MediaAgility Pte Ltd | 0.03% | 13.75 | -0.01% | (1.13) | - | - | -0.01% | (1.13) |
| Persistent Systems S.R.L.- Romania | 0.02% | 8.94 | -0.01% | (0.92) | - | - | -0.01% | (0.92) |
| PSPL ESOP Management Trust | -0.11% | (57.02) | 0.49% | 49.28 | - | - | 0.49% | 49.28 |
| **Subtotal** | **100.00%** | **50,973.05** | **100.00%** | **10,106.20** | **100.00%** | **(59.93)** | **100.00%** | **10,046.26** |
| Exchange differences on translating the financial statements of foreign operations | - | - | - | - | - | 798.19 | - | 798.19 |
| Consolidation adjustments | - | (11,322.27) | - | - | - | - | - | - |
| Amortization of Intangibles recognized on Business Combination | - | - | - | (526.18) | - | - | - | (526.18) |
| DTA on items recognised on consolidation | - | - | - | (7.66) | - | - | - | (7.66) |
| Dividend from subsidiaries | - | - | - | (92.53) | - | - | - | (92.53) |
| Others | - | - | - | (268.90) | - | - | - | (268.90) |
| **Total** | | **39,650.78** | | **9,210.93** | **100.00%** | **738.26** | | **9,949.18** |

## 4 Material accounting policy information

### 4.1 Use of estimates and judgements

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

### 4.2 Critical accounting estimates

#### a) Revenue recognition

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

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

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

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

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

The Group 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 Group and the customer at contract inception.

The Group 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.

**b) Income taxes**

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

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 Group Company will realise the deferred tax assets, the amount of deferred tax asset realisable, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

**c) Business combination**

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

**d) Property, plant and equipment**

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

**e) Leases**

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

**f) Provisions and contingent liabilities**

The Group 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 Group uses significant judgements to assess contingent liabilities.

**g) Defined benefits and compensated absences**

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation 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, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**h) Share based payments**

The share based compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

**i) Impairment of assets**

Investments in subsidiaries, goodwill and intangible assets are tested for impairment at least annually 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.

**4.3 Summary of significant accounting policies**

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

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

**b) Property, plant and equipment**

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

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

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

*(This space is intentionally left blank)*

**c) Intangible assets**

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

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

*Research and development cost*

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

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

-its intention to complete the asset;

-its ability to use or sell the asset;

-how the asset will generate probable future economic benefits;

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

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

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

**d) Depreciation and amortization**

Depreciation on property, plant and equipment is provided from the date the asset is made avaiable for use using the Straight Line Method ('SLM') over the useful lives of the assets.

The estimated useful lives for the property, plant and equipment are as follows:

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

*For these classes of assets, based on a technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Thus useful lives of these assets are different from useful lives as prescribed under Part C of Schedule II of the Act.

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

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

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

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

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

**e) Borrowing costs**

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

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

**f) Leases**

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group 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 Group 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 Groups 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 groups or other available fair value indicators.

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

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

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.

Based on the testing, no impairment was identified as at March 31, 2024 and 2023 as the recoverable value of the CGUs exceeded the carrying value. An analysis of the calculation's sensitivity to a change in the key parameters (turnover and earnings multiples) did not identify any probable scenarios where the CGU's recoverable amount would fall below its carrying amount.

**h) Financial instruments**

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

**Initial recognition and measurement**

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

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

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

**Subsequent measurement**

**Non-derivative financial instruments**

**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 OCI.

**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.

**Cash and cash equivalents**

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

**Financial liabilities**

**Financial liabilities at amortised cost**

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

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

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

Net gains or net losses on items at fair value through profit or loss include interest or dividend income received from these assets.

**Derivative financial instruments**

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

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

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

**Derecognition**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or 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 Group derecognizes financial liabilities when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it 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 Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices, dealer quotes.

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

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

**Impairment of financial assets**

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

For trade receivables, the Company recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**i) Revenue recognition**

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Group 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 Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Group 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 Group estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services. The Group's contracts may include variable consideration including rebates, volume discounts and penalties. The Group includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

**Income from software services and products**

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

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

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

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

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

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

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

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

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

**Interest**

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

**Dividend**

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

**Contract balances**

***Contract assets***

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.

**j) Foreign currency translation**

**Foreign currency transactions and balances**

The functional currency of the Group and its Indian subsidiaries is Indian Rupees (₹) whereas the functional currency of foreign subsidiaries is the currency of their primary economic environment.

***Initial recognition***

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

***Conversion***

Foreign currency monetary items are converted using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined. For foreign currency transactions recognized in profit and loss statement the Group uses average rate if the average approximates the actual rate at the date of the transaction.

***Exchange differences***

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

***Translation of foreign operations***

The Group presents the consolidated financial statements in ₹. For the purpose of these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity.

**k) Employee benefits**

**Defined contribution plan**

**Provident fund**

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

**Superannuation**

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

**Defined benefit plan**

**Gratuity**

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

**Compensated absences and long service awards**

**Leave encashment**

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

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

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

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

**Long service awards**

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

**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.

**l) Income taxes**

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

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

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

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

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

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

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in correlation to the underlying transaction either in OCI or directly in equity.

**m) Segment reporting**

**(i) Identification of segment**

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

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

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

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

**(iii) Unallocated items**

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

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

**(iv) Inter-segment transfers**

There are no inter-segments transactions.

**(v) Segment accounting policies**

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

**n) Earnings per share (EPS)**

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders of the parent company 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 of parent company 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 consolidated financial statements by the Board of Directors.

**o) Provisions**

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

**p) 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 Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent assets are neither recognised nor disclosed in consolidated financial statements.

**q) Share based payments**

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

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

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

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

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

**r) 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

**s) Treasury shares**

The group has created an PSPL ESOP Management Trust (hereinafter referred as 'ESOP Trust') for providing share-based payment to its employees. The group uses ESOP Trust as a vehicle for distributing shares to employees under the employee remuneration schemes. The ESOP Trust buys shares of the parent company from the market, for giving shares to employees. The group treats ESOP Trust as its extension and shares held by trust are treated as treasury shares. Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in securities premium . Share options exercised during the reporting period are satisfied with treasury shares.

**t) 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 Board of Directors.

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**u) Business combination**

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in the acquired 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 using pooling of interest method. 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.

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

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized in the other comprehensive income as gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

### 5.1 Property, plant and equipment

(In ₹ Million)

| | Land - Freehold | Buildings * | Computers | Office equipments | Plant and equipment | Leasehold improvements | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross block (At cost)** | | | | | | | | | |
| As at April 1, 2023 | 1,007.14 | 2,880.89 | 4,773.83 | 130.79 | 1,960.91 | 67.18 | 1,099.50 | 15.88 | 11,936.12 |
| Additions | - | 15.13 | 375.92 | 115.10 | 159.74 | 15.39 | 81.74 | 0.22 | 763.24 |
| Acquisition through merger (refer note 51 and 42) | - | - | 28.24 | - | 5.28 | - | 8.66 | - | 42.18 |
| Disposals | - | 0.32 | 311.90 | 5.35 | 46.39 | - | 14.72 | 1.26 | 379.94 |
| Acquisition through merger (refer note 51 and 42) | - | - | 28.24 | - | 5.28 | - | 8.66 | - | 42.18 |
| Effect of foreign currency translation from functional currency to reporting currency | 0.13 | 0.51 | 23.96 | 1.71 | 0.69 | 3.00 | 4.64 | - | 34.64 |
| **As at March 31, 2024** | **1,007.27** | **2,896.21** | **4,861.81** | **242.25** | **2,074.95** | **85.57** | **1,171.16** | **14.84** | **12,354.06** |
| | | | | | | | | | |
| **Accumulated Depreciation** | | | | | | | | | |
| As at April 1, 2023 | - | 1,393.29 | 3,493.89 | 101.64 | 1,285.82 | 52.55 | 741.70 | 7.28 | 7,076.17 |
| Acquisition through merger (refer note 51 and 42) | - | - | 24.15 | - | 4.92 | - | 7.88 | - | 36.95 |
| Charge for the year | - | 124.11 | 780.31 | 15.25 | 174.00 | 4.01 | 87.70 | 2.13 | 1,187.51 |
| Disposals | - | 0.32 | 289.71 | 4.76 | 45.49 | - | 14.28 | 1.26 | 355.82 |
| Acquisition through merger (refer note 51 and 42) | - | - | 24.15 | - | 4.92 | - | 7.88 | - | 36.95 |
| Effect of foreign currency translation from functional currency to reporting currency | - | 0.25 | 19.12 | 0.52 | (0.20) | 2.70 | 3.78 | - | 26.17 |
| **As at March 31, 2024** | **-** | **1,517.33** | **4,003.61** | **112.65** | **1,414.13** | **59.26** | **818.90** | **8.15** | **7,934.03** |
| | | | | | | | | | |
| **Net block as at March 31, 2024** | **1,007.27** | **1,378.88** | **858.19** | **129.60** | **660.82** | **26.31** | **352.26** | **6.69** | **4,420.03** |

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**5.1 Property, plant and equipment (continued)**

(In ₹ Million)

| | Land - Freehold | Buildings* | Computers | Office equipments | Plant and equipment | Leasehold improvements | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross block (At cost)** | | | | | | | | | |
| As at April 1, 2022 | 221.62 | 2,455.16 | 4,003.93 | 100.38 | 1,399.89 | 47.69 | 734.18 | 7.27 | 8,970.12 |
| Additions | 784.61 | 421.84 | 756.85 | 24.73 | 568.53 | 14.04 | 348.40 | 8.64 | 2,927.64 |
| Additions through business combinations | - | - | 29.34 | 2.69 | - | 4.40 | 6.02 | - | 42.45 |
| Disposals | - | 0.20 | 79.32 | 0.98 | 9.04 | 3.73 | 5.74 | 0.03 | 99.04 |
| Effect of foreign currency translation from functional currency to reporting currency | 0.91 | 4.09 | 63.03 | 3.97 | 1.53 | 4.78 | 16.64 | - | 94.95 |
| **As at March 31, 2023** | **1,007.14** | **2,880.89** | **4,773.83** | **130.79** | **1,960.91** | **67.18** | **1,099.50** | **15.88** | **11,936.12** |
| **Accumulated Depreciation** | | | | | | | | | |
| As at April 1, 2022 | - | 1,281.98 | 2,767.92 | 90.52 | 1,188.81 | 45.01 | 672.26 | 5.95 | 6,052.45 |
| Additions through business combination | - | - | 21.01 | 2.32 | - | 4.18 | 5.14 | - | 32.65 |
| Charge for the year | - | 109.57 | 731.08 | 6.28 | 103.95 | 2.59 | 54.10 | 1.36 | 1,008.93 |
| Disposals | - | 0.18 | 75.38 | 0.89 | 8.93 | 3.55 | 5.03 | 0.03 | 93.99 |
| Effect of foreign currency translation from functional currency to reporting currency | - | 1.92 | 49.26 | 3.41 | 1.99 | 4.32 | 15.23 | - | 76.13 |
| **As at March 31, 2023** | **-** | **1,393.29** | **3,493.89** | **101.64** | **1,285.82** | **52.55** | **741.70** | **7.28** | **7,076.17** |
| **Net block as at March 31, 2023** | **1,007.14** | **1,487.60** | **1,279.94** | **29.15** | **675.09** | **14.63** | **357.80** | **8.60** | **4,859.95** |

* Note: Buildings include those constructed on leasehold land:

a) Gross block as on March 31, 2024 ₹ 1,460.40 Million (Previous year : ₹ 1,455.94 Million)

b) Depreciation charge for the year ₹ 59.30 Million (Previous year ₹ 59.08 Million)

c) Accumulated depreciation as on March 31, 2024 ₹ 735.52 Million (Previous year ₹ 676.22 Million)

d) Net block value as on March 31, 2024 ₹ 724.88 Million (Previous year ₹ 779.72 Million)

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### 5.2 Capital work in progress

(In ₹ Million)

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Balance at beginning of year | 161.38 | 1,071.20 |
| Additions | 937.12 | 2,017.82 |
| Capitalised during the year | 763.24 | 2,927.64 |
| **Balance at end of year** | **335.26** | **161.38** |

### 5.2 Capital work in progress (CWIP) ageing schedule

(In ₹ Million)

| | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 256.45 | 78.81 | - | - | 335.26 |
| **As at March 31, 2024** | **256.45** | **78.81** | **-** | **-** | **335.26** |

(In ₹ Million)

| | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 161.38 | - | - | - | 161.38 |
| **As at March 31, 2023** | **161.38** | **-** | **-** | **-** | **161.38** |

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**5.3 Right-of-use assets**

(In ₹ Million)

| | Leasehold Land | Office premises | Total |
|---|---|---|---|
| **Gross block (At cost)** | | | |
| As at April 1, 2023 | 131.97 | 2,994.30 | 3,126.27 |
| Additions during the year | - | 749.09 | 749.09 |
| Acquisition through merger (refer note 51 and 52) | - | 374.81 | 374.81 |
| Disposals | - | 145.36 | 145.36 |
| Acquisition through merger (refer note 51 and 52) | - | 374.81 | 374.81 |
| Effect of foreign currency translation of foreign operations from functional currency to reporting currency | - | 42.07 | 42.07 |
| **As at March 31, 2024** | **131.97** | **3,640.10** | **3,772.07** |
| **Accumulated Depreciation** | | | |
| As at April 1, 2023 | 3.22 | 924.84 | 928.06 |
| Charge for the year | 1.54 | 649.96 | 651.50 |
| Acquisition through merger (refer note 51 and 52) | - | 112.12 | 112.12 |
| Disposals | - | 126.06 | 126.06 |
| Acquisition through merger (refer note 51 and 52) | - | 112.12 | 112.12 |
| Effect of foreign currency translation of foreign operations from functional currency to reporting currency | - | 11.39 | 11.39 |
| **As at March 31, 2024** | **4.76** | **1,460.13** | **1,464.89** |
| **Net block as at March 31, 2024** | **127.21** | **2,179.97** | **2,307.18** |

(In ₹ Million)

| | Leasehold Land | Office premises | Total |
|---|---|---|---|
| **Gross block (At cost)** | | | |
| As at April 1, 2022 | 37.50 | 1,841.75 | 1,879.25 |
| Additions during the year | 94.47 | 1,230.91 | 1,325.38 |
| Disposals | - | 133.72 | 133.72 |
| Effect of foreign currency translation of foreign operations from functional currency to reporting currency | - | 55.36 | 55.36 |
| **As at March 31, 2023** | **131.97** | **2,994.30** | **3,126.27** |
| **Accumulated Depreciation** | | | |
| As at April 1, 2022 | 1.76 | 519.28 | 521.04 |
| Charge for the year | 1.46 | 482.62 | 484.08 |
| Disposals | - | 126.78 | 126.78 |
| Effect of foreign currency translation of foreign operations from functional currency to reporting currency | - | 49.72 | 49.72 |
| **As at March 31, 2023** | **3.22** | **924.84** | **928.06** |
| **Net block as at March 31, 2023** | **128.75** | **2,069.46** | **2,198.21** |

**5.4 Goodwill**

(In ₹ Million)

| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Cost** | | |
| Balance at beginning of year | 7,183.71 | 2,790.22 |
| Reclassification on purchase price allocation of business combination (refer note 44) | 3,322.19 | 4,051.66 |
| Effect of foreign currency translation of foreign operations from functional currency to reporting currency | 406.66 | 341.83 |
| **Balance at end of year** | **10,912.56** | **7,183.71** |

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU or groups of CGUs, which benefit from the synergies of the acquisition. The Group internally reviews the goodwill for impairment at the operating segment level, after allocation of the goodwill to CGUs or groups of CGUs.

The allocation of goodwill to operating segments as at March 31, 2024 and March 31, 2023 is as follows :

(In ₹ Million)

| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Segment** | | |
| a. Banking, Financial Services and Insurance (BFSI) | 2,437.97 | 2,402.01 |
| b. Healthcare & Life Sciences | - | - |
| c. Software, Hi-Tech and Emerging Industries | 8,474.59 | 4,781.70 |
| | **10,912.56** | **7,183.71** |
| **Total** | **10,912.56** | **7,183.71** |

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. Value-in-use is determined based on discounted future cash flows. The key assumptions used for the calculations are as follows :

(In ₹ Million)

| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Long-term growth rate | 4.20% | 15% to 25% |
| Operating margins | 10% to 25% | 25% to 35% |
| Discount rate | 14% to 17% | 5% to 15% |

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. As at March 31, 2024, the estimated recoverable amount of the CGU exceeded its carrying amount. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount. Operating margin and long term growth rate are in line with company'sc current opertions.

Based on testing, no impairment loss was identified during current year and previous year.

**5.5 Other Intangible assets**

(In ₹ Million)

| | Software | Acquired contractual rights | Provisional intangible assets | Total |
|---|---|---|---|---|
| **Gross block** | | | | |
| As at April 1, 2023 | 3,312.14 | 10,093.33 | 5,239.19 | 18,644.66 |
| Additions | 127.90 | - | - | 127.90 |
| Disposals | 0.03 | - | - | 0.03 |
| Reclassification on purchase price allocation of business combination (refer note 44) | - | 1,548.49 | (4,870.68) | (3,322.19) |
| Effect of foreign currency translation from functional currency to reporting currency | 36.26 | 570.77 | (368.51) | 238.52 |
| **As at March 31, 2024** | **3,476.27** | **12,212.59** | **-** | **15,688.86** |
| **Accumulated Amortization** | | | | |
| As at April 1, 2023 | 2,744.90 | 6,506.21 | 222.13 | 9,473.24 |
| Charge for the period | 244.14 | 1,010.58 | - | 1,254.72 |
| Disposals | 0.03 | - | - | 0.03 |
| Reclassification on purchase price allocation of business combination (refer note 44) | - | 523.67 | (523.67) | - |
| Effect of foreign currency translation from functional currency to reporting currency | 32.22 | 52.22 | 301.54 | 385.98 |
| **As at March 31, 2024** | **3,021.23** | **8,092.68** | **-** | **11,113.91** |
| **Net block as at March 31, 2024** | **455.04** | **4,119.91** | **-** | **4,574.95** |

(In ₹ Million)

| | Software | Acquired contractual rights | Provisional intangible assets | Total |
|---|---|---|---|---|
| **Gross block** | | | | |
| As at April 1, 2022 | 3,031.45 | 6,813.53 | 6,696.30 | 16,541.28 |
| Additions | 502.81 | - | - | 502.81 |
| Additions through business combination | 10.63 | - | 4,870.68 | 4,881.31 |
| Reclassification on purchase price allocation of business combination (refer note 44) | - | 2,771.88 | (6,823.54) | (4,051.66) |
| Disposals | 390.70 | - | - | 390.70 |
| Effect of foreign currency translation from functional currency to reporting currency | 157.95 | 507.92 | 495.75 | 1,161.62 |
| **As at March 31, 2023** | **3,312.14** | **10,093.33** | **5,239.19** | **18,644.66** |
| **Accumulated Amortization** | | | | |
| As at April 1, 2022 | 2,864.32 | 5,352.04 | 55.29 | 8,271.65 |
| Charge for the year | 110.59 | 591.68 | 523.67 | 1,225.94 |
| Additions on business combinations | 9.43 | - | - | 9.43 |
| Reclassification on purchase price allocation of business combination (refer note 44) | - | 374.82 | (374.82) | - |
| Disposals | 390.7 | - | - | 390.70 |
| Effect of foreign currency translation from functional currency to reporting currency | 151.26 | 187.67 | 17.99 | 356.92 |
| **As at March 31, 2023** | **2,744.90** | **6,506.21** | **222.13** | **9,473.24** |
| **Net block as at March 31, 2023** | **567.24** | **3,587.12** | **5,017.06** | **9,171.42** |

Acquired contractual rights acquired through DataGlove acquistion, having carrying amount of ₹ 1,489.84 million and remaining amortisation period of 5 years as on March 31, 2024.
Acquired contractual rights acquired through MediaAgility acquistion, having carrying amount of ₹ 1,222.96 million and remaining amortisation period of 5 years as on March 31, 2024.
Acquired contractual rights acquired through Shree Partners acquistion, having carrying amount of ₹ 129.63 million and remaining amortisation period of 4 years as on March 31, 2024.
Acquired contractual rights acquired through SCI and Fusion 360 acquistion, having carrying amount of ₹ 706.27 million and remaining amortisation period of 4 years as on March 31, 2024.
Acquired contractual rights acquired through Sureline acquistion, having carrying amount of ₹ 9.15 million and remaining amortisation period of 2 months as on March 31, 2024.
Acquired contractual rights acquired through Parx, having carrying amount of ₹ 29.27 million and remaining amortisation period of 4 months as on March 31, 2024.

**5.6 Depreciation and amortization**

(In ₹ Million)

| | For the year ended | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| On Property, Plant and Equipment | 1,187.51 | 1,008.93 |
| On Right of Use assets | 651.50 | 484.08 |
| On Other Intangible assets | 1,254.72 | 1,225.94 |
| | **3,093.73** | **2,718.95** |

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

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Investments carried at amortised cost** | | |
| **Quoted Investments** | | |
| **In bonds** | 2,916.91 | 3,005.16 |
| [Market value ₹ 2,758.24 Million (Previous year ₹ 2,852.78 Million)] | | |
| Add: Interest accrued on bonds | 78.70 | 80.43 |
| **Total investments carried at amortised cost (A)** | **2,995.61** | **3,085.59** |
| **Carried at fair value through profit and loss** | | |
| **Unquoted Investments** | | |
| **- Investments in mutual funds** | | |
| Fair value of long term mutual funds (refer Note 6a) | 2,386.71 | 1,255.28 |
| | **2,386.71** | **1,255.28** |
| **Investments in Common Stocks / Preferred Stocks** | | |
| **- Others*** | | |
| Ciqual Limited [Holding 2.38% (Previous year 2.38%)] | | |
| 0.04 million (Previous year : 0.04 million) shares of GBP 0.01 each, fully paid up | 16.72 | 16.73 |
| (Less) : Change in fair value of investment | (16.72) | (16.73) |
| | - | - |
| Altizon Systems Private Limited | 6.00 | 6.00 |
| 3,766 equity shares (Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up | | |
| | **6.00** | **6.00** |
| Hygenx Inc. | 16.68 | 16.43 |
| 0.25 million (Previous year : 0.25 million) Preferred stock of $ 0.001 each, fully paid up | | |
| (Less) : Change in fair value of investment | (16.68) | (16.43) |
| | **-** | **-** |
| Trunomi Inc. | 20.85 | 20.54 |
| 0.28 million (Previous year : 0.28 million) Preferred stock of $ 0.0002 each, fully paid up | | |
| (Less) : Change in fair value of investment | (20.85) | - |
| | **-** | **20.54** |
| Monument Bank | 136.02 | 134.01 |
| 0.024 million (Previous year: 0.024 million) Stock of GBP 50 each), fully paid up | | |
| | **136.02** | **160.55** |

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### 6. Non-current financial assets : Investments (continued)

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| DxNow | 10.43 | 10.27 |
| 0.17 million Preferred Shares of $ 0.0001 each (Previous year : 0.17 million Preferred Shares of $ 0.0001) | | |
| Add / (less) : Change in fair value of investment | (10.43) | (10.27) |
| | - | - |
| Akumina Inc. | 14.80 | 14.58 |
| 0.40 million Preference shares of $ 0.443 each (Previous year : 0.40 million Preference shares of $ 0.443 each) | | |
| | **14.80** | **14.58** |
| **Total Investments carried at Fair Value (B)** | **2,543.53** | **1,430.41** |
| **Total investments (A) + (B)** | **5,539.14** | **4,516.00** |
| **Aggregate amount of change in fair value of investments** | 43.83 | 43.43 |
| **Aggregate amount of quoted investments** | 2,995.61 | 3,085.59 |
| **Aggregate amount of unquoted investments** | 2,587.36 | 1,473.84 |

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

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

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Bandhan Mutual Fund (formerly known as IDFC Mutual Fund) | 651.08 | 733.59 |
| Axis Mutual Fund | 526.58 | 491.04 |
| HDFC Mutual Fund | 185.54 | - |
| DSP mutual fund | 155.66 | - |
| HSBC Mutual Fund | 155.43 | 30.65 |
| Kotak Mutual Fund | 152.75 | - |
| SBI Mutual Fund | 152.65 | - |
| ICICI Prudential Mutual Fund | 152.57 | - |
| Birla Sun Life Mutual Fund | 152.53 | - |
| Nippon Mutual Fund | 101.92 | - |
| | **2,386.71** | **1,255.28** |

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

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Carried at amortised cost** | | |
| **Other loans** | | |
| Unsecured, credit impaired | 0.58 | 0.58 |
| | **0.58** | **0.58** |
| Less: Impairment of non-current loans | (0.58) | (0.58) |
| | - | - |

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

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Considered good** | | |
| **Carried at amortised cost** | | |
| Deposits with banks (refer note 14) * | 3.99 | 41.60 |
| Add: Interest accrued but not due on bank deposits (refer note 14) | 0.24 | 0.98 |
| **Deposits with banks** | **4.23** | **42.58** |
| Deposit with financial institutions | 100.00 | 500.00 |
| Add: Interest accrued but not due on deposit with financial institutions | 10.18 | 20.22 |
| **Deposits with financial institutions** | **110.18** | **520.22** |
| Security deposits | 410.90 | 356.80 |
| **Credit impaired** | | |
| Deposit with financial institutions | 430.00 | 430.00 |
| Add: Interest accrued but not due on deposit with financial institutions | 0.98 | 0.98 |
| Less: Credit impaired | (430.98) | (430.98) |
| **Deposits with financial institutions** | - | - |
| | **525.31** | **919.60** |

* Out of the balance, fixed deposits of ₹ 3.60 million (Previous year: ₹ 2.05 million) have been earmarked against credit facilities and bank guarantees availed by the Group.

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

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Deferred tax liabilities** | | |
| Differences in book values and tax base values of block of property, plant and equipment and intangible assets | 27.33 | 75.28 |
| Cashflow on Hedges | 8.02 | - |
| ROU asset and lease liability | 0.68 | - |
| Brought forward and current year losses | 26.26 | - |
| Capital gains | 44.14 | 22.82 |
| Unrealised exchange gain/loss | 8.17 | 10.49 |
| Unbilled revenue | 5.92 | - |
| Others | 1.40 | 1.63 |
| | **121.92** | **110.22** |
| **Deferred tax assets** | | |
| Provision for leave encashment | 386.00 | 270.80 |
| Provision for long service awards | 189.18 | 222.45 |
| Allowance for expected credit loss | 93.21 | 36.85 |
| Provision for gratuity | 14.72 | - |
| Differences in book values and tax base values of block of property, plant and equipment and intangible assets | 147.62 | 176.31 |
| Brought forward and current year losses | 226.71 | 161.70 |
| Tax credits | 80.96 | 135.40 |
| ROU asset and lease liability | 61.55 | 42.68 |
| Provision for shared based payments to employees | 144.01 | 68.94 |
| Cashflow on Hedges | - | 1.94 |
| Provisions for doubtful investment | 117.28 | 119.77 |
| Others | 1.56 | 2.67 |
| | **1,462.80** | **1,239.51** |
| **Deferred tax assets after set off** | **1,340.88** | **1,129.29** |

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

Certain subsidiaries of the group have undistributed eamings which, if paid out as dividends, would be subject to tax in the hands of the recipient An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from these subsidiaries These subsidiaries are not expected to distribute these profits in the foreseeable future.

**10. Other non-current assets**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Capital advances (Unsecured, considered good) | 826.67 | 629.15 |
| Prepayments | 420.61 | 330.14 |
| Simple Agreement for Future Equity (SAFE) | 165.75 | - |
| | **1,413.03** | **959.29** |

**Movement in deferred tax assets (net) during the year ended March 31, 2024**

| | As at April 1, 2023 | Charge/ (Credit) in statement of Profit or loss | Credit/ (Charge) in other comprehensive income | As at March 31, 2024 |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets | 75.28 | (47.95) | - | 27.33 |
| Gain on fair valuation of financial assets | 22.82 | 21.32 | - | 44.14 |
| Cash flow hedges | (1.94) | 9.96 | - | 8.02 |
| Brought forward and current year losses | 47.21 | (20.95) | - | 26.26 |
| Unrealised exchange gain/loss | 10.49 | (2.32) | - | 8.17 |
| Unbilled Revenue | (1.28) | 7.20 | - | 5.92 |
| Others | 1.63 | (0.23) | - | 1.40 |
| | **154.21** | **(32.97)** | **-** | **121.24** |
| **Deferred tax assets** | | | | |
| Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets | 176.31 | (28.70) | - | 147.61 |
| Provision for leave encashment | 270.80 | 115.20 | - | 386.00 |
| Provision for long service awards | 222.45 | (33.27) | - | 189.18 |
| Provision for Gratuity | - | 14.72 | | 14.72 |
| Allowance for expected credit loss | 36.85 | 56.36 | - | 93.21 |
| Tax credit | 135.40 | (54.46) | - | 80.94 |
| Right of use asset and lease liability | 42.68 | 18.22 | - | 60.90 |
| Brought forward and current year losses | 208.91 | 17.80 | - | 226.71 |
| Provision for shared based payments to employees | 68.94 | 75.07 | - | 144.01 |
| Provisions for doubtful investment | 119.77 | (2.49) | - | 117.28 |
| Others | 1.39 | 0.17 | - | 1.56 |
| | **1,283.50** | **178.62** | **-** | **1,462.12** |
| | **1,129.29** | **211.59** | **-** | **1,340.88** |

**Movement in deferred tax assets (net) during the year ended March 31, 2023**

| | As at April 1, 2022 | Charge/ (Credit) in statement of Profit or loss | Credit/ (Charge) in other comrpehensive income | As at March 31, 2023 |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets | 89.31 | (14.03) | - | 75.28 |
| Capital gains (net) | 51.12 | (28.30) | - | 22.82 |
| Cash flow hedges | 14.06 | - | (16.00) | (1.94) |
| Brought forward and current year losses | 1.04 | 46.17 | - | 47.21 |
| Unrealised exchange gain/loss | 3.31 | 7.18 | - | 10.49 |
| Unbilled Revenue | (1.29) | 0.01 | - | (1.28) |
| Others | 0.74 | 0.89 | - | 1.63 |
| | **158.29** | **11.92** | **(16.00)** | **154.21** |
| **Deferred tax assets** | | | | |
| Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets | 170.18 | 6.13 | - | 176.31 |
| Provision for leave encashment | 224.94 | 45.86 | - | 270.80 |
| Provision for long service awards | 134.29 | 88.16 | - | 222.45 |
| Allowance for expected credit loss | 44.98 | (8.13) | - | 36.85 |
| Tax credit | 407.13 | (271.73) | - | 135.40 |
| Right of use asset and lease liability | 31.71 | 10.97 | - | 42.68 |
| Brought forward and current year losses | 97.70 | 111.21 | - | 208.91 |
| Provision for shared based payments to employees | 48.40 | 20.54 | - | 68.94 |
| Provisions for doubtful investment | 10.99 | 108.78 | - | 119.77 |
| Others | 110.69 | (109.30) | | 1.39 |
| | **1,281.01** | **2.49** | **-** | **1,283.50** |
| | **1,122.72** | **(9.43)** | **16.00** | **1,129.29** |

**The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Deferred income tax assets after set-off | 1,359.64 | 1,133.97 |
| Deferred income tax liabilities after set-off | (18.76) | (4.68) |
| | **1,340.88** | **1,129.29** |

### 11. Current financial assets : Investments

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Carried at fair value through profit and loss** | | |
| **- Unquoted investments** | | |
| **Investments in mutual funds** | | |
| Fair value of current mutual funds (refer Note 11a) | 2,726.54 | 1,879.66 |
| | **2,726.54** | **1,879.66** |
| **Total carrying amount of investments** | **2,726.54** | **1,879.66** |
| **Aggregate amount of unquoted investments** | **2,726.54** | **1,879.66** |

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

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Aditya Birla Sun Life Mutual Fund | 502.35 | 246.52 |
| UTI Mutual Fund | 364.27 | 195.74 |
| Kotak Mutual Fund | 311.66 | 200.12 |
| HDFC Mutual Fund | 303.47 | 200.17 |
| Bandhan Mutual Fund (formerly known as IDFC Mutual Fund) | 261.00 | 100.10 |
| Tata Mutual Fund | 234.14 | 50.02 |
| DSP Mutual Fund | 195.10 | 50.00 |
| Axis Mutual Fund | 173.71 | 195.72 |
| Nippon India Mutual Fund (formerly known as Reliance Mutual Fund) | 150.60 | 100.02 |
| Mirae Asset Mutual Fund | 50.06 | 50.03 |
| SBI Mutual Fund | 50.03 | 115.64 |
| HSBC Mutual Fund | 40.05 | 50.00 |
| Sundaram Mutual Fund | 40.05 | 30.01 |
| ICICI Prudential Mutual Fund | 30.02 | 245.54 |
| Invesco Mutual Fund | 20.03 | 50.03 |
| | **2,726.54** | **1,879.66** |

### 12. Trade receivables

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **- Current** | | |
| Unsecured, considered good | 16,761.13 | 15,253.22 |
| Unsecured, credit impaired | 398.64 | 188.96 |
| | **17,159.77** | **15,442.18** |
| Less : Allowance for expected credit loss | (398.64) | (188.96) |
| | **16,761.13** | **15,253.22** |
| **- Non Current** | | |
| Unsecured, considered good | 730.18 | 709.45 |
| Unsecured, credit impaired | - | - |
| | **730.18** | **709.45** |
| Less : Allowance for expected credit loss | - | - |
| | **730.18** | **709.45** |
| | **17,491.31** | **15,962.67** |

**Trade receivables Ageing Schedule**

(In ₹ Million)

| | Current but not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 Months | 6 months – 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Trade receivables – considered good | 13,443.71 | 3,900.00 | 147.60 | - | - | - | 17,491.31 |
| Undisputed Trade receivable – credit impaired | - | 34.98 | 244.65 | 84.54 | 5.93 | 28.54 | 398.64 |
| **As at March 31, 2024** | **13,443.71** | **3,934.98** | **392.25** | **84.54** | **5.93** | **28.54** | **17,889.95** |
| **Expected loss rate (Refer note 32)** | **-** | **0.89%** | **62.37%** | **100.00%** | **100.00%** | **100.00%** | |

In ₹ Million

| | Current but not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 Months | 6 months – 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Trade receivables – considered good | 10,785.68 | 5,157.84 | 19.15 | - | - | - | 15,962.67 |
| Undisputed Trade receivable – credit impaired | - | 53.06 | 82.79 | 14.02 | 4.29 | 34.80 | 188.96 |
| **As at March 31, 2023** | **10,785.68** | **5,210.90** | **101.94** | **14.02** | **4.29** | **34.80** | **16,151.63** |
| **Expected loss rate (Refer note 32)** | **-** | **1.02%** | **81.21%** | **100.00%** | **100.00%** | **100.00%** | |

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### 13. Cash and cash equivalents

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Cash and cash equivalents as presented in cash flow statement** | | |
| Cash in hand | 0.11 | 0.25 |
| Balances with banks | | |
| On current accounts # | 4,819.66 | 3,303.76 |
| On saving accounts | 23.48 | 33.21 |
| On Exchange Earner's Foreign Currency accounts | 1,401.87 | 638.90 |
| On deposit accounts with original maturity less than three months | 380.03 | 279.68 |
| On other accounts | - | 414.32 |
| | **6,625.15** | **4,670.12** |

# Of the cash and cash equivalent balance as at March 31, 2024, the Company can utilise ₹ 65.10 million (Previous year: ₹ 125.39 million) only towards certain predefined activities specified in the government grant agreement.

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

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Deposits with banks* | 3,497.98 | 4,271.04 |
| Add: Interest accrued but not due on deposits with banks | 107.04 | 131.17 |
| Deposits with banks (carried at amortised cost) | **3,605.02** | **4,402.21** |
| Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (refer note 8) | (3.99) | (41.60) |
| Less: Interest accrued but not due on non-current deposits with banks (refer note 8) | (0.24) | (0.98) |
| | **3,600.79** | **4,359.63** |
| Balances with banks on unpaid dividend accounts** | 2.92 | 3.05 |
| | **3,603.71** | **4,362.68** |

* Out of the balance, fixed deposits of ₹ 2,365.78 Million (Previous year : ₹ 1,216.85 Million) have been earmarked against credit facilities and bank guarantees availed by the Group.

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

### 15. Current financial assets : Loans

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Loan to others (Unsecured, credit impaired)** | | |
| LHS Solution Inc. | 24.99 | 24.60 |
| Interest accrued but not due at amortised cost | 1.97 | 1.97 |
| Less: Impairment | (26.96) | (26.57) |
| | - | - |

### 16. Other current financial assets

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Derivative instruments at fair value through OCI** | | |
| **Cash flow hedges** | | |
| Foreign exchange forward contracts | 42.54 | - |
| **Carried at amortised cost** | | |
| Security deposits | 57.95 | 26.56 |
| Other receivables | - | 184.38 |
| Unbilled revenue | 6,521.34 | 4,671.23 |
| | **6,621.83** | **4,882.17** |

**17. Other current assets**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Unsecured, considered good** | | |
| **Advances to suppliers** | | |
| Advances recoverable in cash or kind or for value to be received | 1,573.38 | 900.09 |
| Prepayments | 854.25 | 999.27 |
| Deferred finance costs | 61.82 | - |
| Excess fund balance with Life Insurance Corporation (refer note 31) | - | 53.32 |
| **Other advances** | | |
| VAT receivable (net) | 20.97 | 22.10 |
| GST receivable (net) (refer note 42) | 2,383.07 | 1,443.48 |
| | **2,404.04** | **1,465.58** |
| | **4,893.49** | **3,418.26** |

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## 18(a). Share capital

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Authorized shares (No. in million)** | | |
| 400 (Previous year: 400) equity shares of ₹ 5 each | 2,000.00 | 2,000.00 |
| | **2,000.00** | **2,000.00** |
| **Issued, subscribed and fully paid-up shares (No. in million)** | | |
| 154.05 (Previous year: 152.85) equity shares of ₹ 5 each | 770.25 | 764.25 |
| **Issued, subscribed and fully paid-up share capital** | **770.25** | **764.25** |

The Group's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through operating cash flows generated, borrowings and equity. The Group is not subject to any externally imposed capital requirements.

The Board of Directors of the Company at its meeting held on January 20, 2024, recommended the sub-division/ split of 1(One) fully paid-up equity share having a face value of ₹10 each into 2 (Two) fully paid-up equity shares having a face value of ₹ 5 each by alteration of capital clause of the Memorandum of Association (MOA) subject to the approval of Members of the Company. The Members of the Company approved the sub-division / Split of 1(One) fully paid up equity share of ₹ 10 each into 2 (Two) fully paid up equity shares of ₹ 5 each through a postal ballot with a requisite majority and the voting results were declared on March 11, 2024.

Further, the Board of Directors at its meeting held on March 13, 2024, approved the Record Date for Split/Sub-division of Equity Shares as April 1, 2024.

Consequent to this, the authorized share capital comprises 400,000,000 equity shares having a face value of ₹ 5 each aggregating to ₹ 2,000,000,000, and the paid-up capital comprises 154,050,000 equity shares having a face value of ₹ 5 each aggregating to ₹ 770,250,000. The impact of this has been considered in the financial statement.

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

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

(In Million)

| | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | No of shares | Amount ₹ | No of shares | Amount ₹ |
| Number of shares at the beginning of the year | 152.85 | 764.25 | 152.85 | 764.25 |
| Add/ Less: Changes during the year | 1.20 | 6.00 | - | - |
| **Number of shares at the end of the year** | **154.05** | **770.25** | **152.85** | **764.25** |

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

The Group has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors of Parent Company declared interim dividend of ₹ 16 per share on January 20, 2024 on the face value of ₹ 5 each; for the Financial Year 2023-24.

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

**Dividend distribution made and proposed:**

| | For the year ended March 31, 2024 In ₹ Million | For the year ended March 31, 2023 In ₹ Million |
|---|---|---|
| **Dividends on equity shares declared and paid:** | | |
| Final dividend for the year ended on 31 March 2023: ₹ 11 per share (31 March 2022: ₹ 5.5 per share) | 1,692.35 | 840.68 |
| Interim dividend for the year ended on 31 March 2024: ₹ 16 per share (31 March 2023: ₹ 14 per share) | 2,461.60 | 2,139.90 |
| | **4,153.95** | **2,980.58** |
| **Proposed dividends on Equity shares:** | | |
| Proposed dividend for the year ended on 31 March 2024: ₹ 10 per share (31 March 2023: ₹ 11 per share) | 1,540.50 | 1,692.35 |
| | **1,540.50** | **1,692.35** |

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 March 2024.
Dividend per equity share disclosed in above note represents dividends declaraed previously, retrospectively adjusted for the April 2024 share split.

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

In the period of five years immediately preceding March 31, 2024, the Company had purchased and extinguished a total of of 7,150,000 fully paid-up equity shares of face value ₹ 5 each from the stock exchange by way of buyback of shares which was completed in June 27, 2019.

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

| Name of the shareholder* | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | No. in million | % Holding | No. in million | % Holding |
| Dr. Anand Deshpande | 45.75 | 29.70 | 45.74 | 29.93 |

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

**e) Details of shares held by promoters**

**As at March 31, 2024**

| Promoter Name | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of Total Shares | % change during the year |
|---|---|---|---|---|---|
| Dr. Anand Suresh Deshpande | 45,743,680 | 2,000 | 45,745,680 | 29.70% | -0.23% |
| Mrs. Chitra Hemadri Buzruk | 938,800 | - | 938,800 | 0.61% | - |
| Dr. Mukund Suresh Deshpande | 800,050 | - | 800,050 | 0.52% | - |
| Mrs. Sonali Anand Deshpande | 224,000 | - | 224,000 | 0.15% | - |
| Mrs. Sulabha Suresh Deshpande | 1,000 | - | 1,000 | 0.00% | - |
| Mr. Arul Anand Deshpande | 20,000 | - | 20,000 | 0.01% | - |
| Ms. Gayatri Hemadri Buzruk | 20,000 | - | 20,000 | 0.01% | - |
| Mr. Hemadri N Buzruk | 15,640 | - | 15,640 | 0.01% | - |
| Mr. Suresh Purushottam Deshpande | 1,000 | - | 1,000 | 0.00% | - |
| Mr. Padmakar Govind Khare | - | 800 | 800 | 0.00% | 0.00% |
| Mr. Chinmay Hemadri Buzruk | 10,000 | - | 10,000 | 0.01% | - |

**As at March 31, 2023**

| Promoter Name | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of Total Shares | % change during the year |
|---|---|---|---|---|---|
| Dr. Anand Suresh Deshpande | 45,721,680 | 22,000 | 45,743,680 | 29.93% | 0.01% |
| Mrs. Chitra Hemadri Buzruk | 938,800 | - | 938,800 | 0.61% | - |
| Dr. Mukund Suresh Deshpande | 800,050 | - | 800,050 | 0.52% | - |
| Mrs. Sonali Anand Deshpande | 224,000 | - | 224,000 | 0.15% | - |
| Mrs. Sulabha Suresh Deshpande | 12,000 | (11,000) | 1,000 | 0.00% | (0.01)% |
| Mr. Arul Anand Deshpande | 20,000 | - | 20,000 | 0.01% | - |
| Ms. Gayatri Hemadri Buzruk | 20,000 | - | 20,000 | 0.01% | - |
| Mr. Hemadri N Buzruk | 15,640 | - | 15,640 | 0.01% | - |
| Mr. Suresh Purushottam Deshpande | 10,000 | (9,000) | 1,000 | 0.00% | 0.01% |
| Mr. Padmakar Govind Khare | 1,760 | (1,760) | - | 0.00% | (0.00)% |
| Mr. Chinmay Hemadri Buzruk | 20,000 | - | 20,000 | 0.01% | - |

*(This space is intentionally left blank)*

## 18(b). Other equity

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Reserves and Surplus** | | |
| Securities premium | 1,601.80 | - |
| General reserve | 25,842.99 | 20,824.45 |
| Share options outstanding reserve | 2,227.71 | 2,222.02 |
| Gain on bargain purchase | 63.61 | 62.67 |
| Capital redemption reserve | 35.75 | 35.75 |
| Retained earnings | 19,346.09 | 16,607.36 |
| Treasury shares | (2,085.84) | (2,435.67) |
| PSL ESOP Trust reserve | 140.64 | 70.31 |
| **Items of other comprehensive income** | | |
| Effective portion of cash flow hedges | 23.85 | (5.76) |
| Exchange differences on translating the financial statements of foreign operations | 1,610.22 | 1,505.40 |
| | **48,806.82** | **38,886.53** |

### (i) Securities premium

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | - | - |
| Premium on fresh issue of equity shares | 1,601.80 | - |
| Premium on fresh issue of equity shares | **1,601.80** | **-** |

### (ii) General reserve

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | 20,824.45 | 17,376.65 |
| Transfer to general reserve | 3,965.23 | 3,164.51 |
| Adjustments towards employees stock options | 1,087.56 | 283.10 |
| Other changes during the year | (34.25) | 0.19 |
| | **25,842.99** | **20,824.45** |

### (iii) Share options outstanding reserve

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | 2,222.02 | 1,144.84 |
| Adjustments towards employees stock options | (1,087.56) | (283.10) |
| Employee stock compensation expenses | 1,091.75 | 1,357.14 |
| Other changes during the year | 1.50 | 3.14 |
| | **2,227.71** | **2,222.02** |

### (iv) Gain on bargain purchase

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | 62.67 | 57.80 |
| Other changes during the year | 0.94 | 4.87 |
| | **63.61** | **62.67** |

### (v) Capital redemption reserve

| | As at - In ₹ Million | As at - In ₹ Million |
|---|---|---|
| Opening Balance | 35.75 | 35.75 |
| Other changes during the year | - | - |
| | **35.75** | **35.75** |

### (vi) Retained earnings

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | 16,607.36 | 13,553.90 |
| Profit for the year | 10,934.91 | 9,210.93 |
| Items recognised in / from other comprehensive income for the year | (98.29) | (17.69) |
| Income tax effect on above | 21.29 | 5.31 |
| Dividend | (4,153.95) | (2,980.58) |
| Transfer to general reserve | (3,965.23) | (3,164.51) |
| | **19,346.09** | **16,607.36** |

### (vii) Treasury shares

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | (2,435.67) | - |
| Shares held by ESOP trust | 349.83 | - 2,435.67 |
| | **(2,085.84)** | **- 2,435.67** |

### (viii) PSL ESOP Trust reserve

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | 70.31 | - |
| Dividend Paid to ESOP trust | 70.33 | 70.31 |
| | **140.64** | **70.31** |

### (ix) Effective portion of cash flow hedges

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | (5.76) | 41.80 |

| | | |
|---|---|---|
| Items recognised in / from other comprehensive income for the year | 29.61 | (47.56) |
| | **23.85** | **(5.76)** |

**(ix) Exchange differences on translating the financial statements of foreign operations**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | 1,505.40 | 707.21 |
| Items recognised in / from other comprehensive income for the year | 104.82 | 798.19 |
| | **1,610.22** | **1,505.40** |

*(This space is intentionally left blank)*

## 19. Non-current financial liabilities : Borrowings

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Borrowings carried at amortised cost** | | |
| Term loans | | |
| Indian rupee loan from others | 1.85 | 3.69 |
| Interest accrued but not due on term loans | 0.02 | 0.06 |
| Foreign currency loan from others | 2,071.32 | 4,303.20 |
| | **2,073.19** | **4,306.95** |
| Less: Current maturity of long-term borrowings | (1,962.22) | (2,227.45) |
| Less: Current maturity of interest accrued but not due on term loan | (11.82) | (21.91) |
| | **(1,974.04)** | **(2,249.36)** |
| | **99.15** | **2,057.59** |

Indian rupee loan from Government department ₹ 1.85 million (Previous year: ₹ 3.69 million) at 3% p.a. in ten equal annual installments over a period of ten years commencing from October 2015.

Foreign currency loan from Government of Switzerland to a subsidiary company is Nil (Previous year ₹ 33.61 million). The interest free loan is given under a Covid-19 scheme for medium and small scale Industries by the Government with a repayment period of five years from March 2020.

Foreign currency loan ₹ 2059.52 million (Previous year: ₹ 4,247.73 million). The Parent Company has provided the Letters of Comfort to the Lender.

Key terms of loan are as below:

| Repayment terms | Rs. Million | Interest rate |
|---|---|---|
| Loan 1: Repayable over a period of 3 years in equal monthly instalments commencing from November 2021 | 405.42 | SOFR + 155 bps |
| Loan 2: Repayable over a period of 3 years in equal monthly instalments commencing from April 2022 | 973.00 | SOFR + 155 bps |
| Loan 3: Repayable over a period of 3 years in equal monthly instalments commencing from May 2022 | 681.10 | SOFR + 155 bps |
| | **2,059.52** | |

**The table below shows change in the Company's liabilities arising from financing activities, including both cash and non-cash changes:**

| | For the year ended March 31, 2024 In ₹ Million | For the year ended March 31, 2023 In ₹ Million |
|---|---|---|
| Opening balance | 4,306.95 | 4,325.35 |
| Additions | - | 2,161.09 |
| Less: Payments made | (2,251.80) | (2,122.72) |
| Translation differences | 18.04 | (56.77) |
| **Closing balance** | **2,073.19** | **4,306.95** |

## 20. Non-current financial liabilities : Lease liabilities (refer note 36)

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Lease liabilities | 2,438.10 | 2,268.59 |
| Less: Current portion of lease liabilities | (830.01) | (676.39) |
| | **1,608.09** | **1,592.20** |

**The table below shows change in the Company's liabilities arising from lease, including both cash and non-cash changes:**

| | For the year ended March 31, 2024 In ₹ Million | For the year ended March 31, 2023 In ₹ Million |
|---|---|---|
| Opening balance | 2,268.59 | 1,456.87 |
| Additions | 753.59 | 1,230.91 |
| Deletions | - | (260.50) |
| Add: Interest recognised during the year | 180.02 | 137.86 |
| Less: Payments made | (760.18) | (545.22) |
| Translation differences | (3.92) | 248.67 |
| **Closing balance** | **2,438.10** | **2,268.59** |

**Notes forming part of consolidated financial statements**
**21. Non current liabilities : Provisions**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Provision for employee benefits | | |
| - Gratuity | 74.24 | 3.52 |
| - Long service awards | 472.72 | 369.51 |
| | **546.96** | **373.03** |

**22. Trade payables**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Trade payables | | |
| - Total outstanding dues of small enterprises and micro enterprises | 49.63 | 34.04 |
| - Total outstanding dues of creditors other than small enterprises and micro enterprises | 8,088.99 | 5,655.04 |
| | **8,138.62** | **5,689.08** |

The information as required to be disclosed pursuant under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) has been determined to the extent such parties have been identified based on the information information available with the Company.

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Amount remaining unpaid:** | | |
| Principal | 49.63 | 34.04 |
| Interest | - | - |
| Interest paid by the Company under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day | - | - |
| Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006; | - | - |
| Interest accrued and remaining unpaid at the end of the year | - | - |
| Interest remaining due and payable (pertaining to prior years), until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act 2006. | - | - |

**23. Other current financial liabilities**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Capital creditors | 79.97 | 583.07 |
| Accrued employee liabilities | 1,092.42 | 840.04 |
| Unpaid dividend* | 2.92 | 3.05 |
| Other liabilities | 78.41 | 12.11 |
| | | |
| Liability towards contingent consideration (refer note 44) | 2,464.55 | 5,305.83 |
| Less: Non-current portion of liability towards contingent consideration | - | (2,888.92) |
| | **2,464.55** | **2,416.91** |
| | | |
| **Derivative instruments at fair value through OCI** | | |
| **Cash flow hedges** | | |
| Foreign exchange forward contracts | - | 67.67 |
| | **3,718.27** | **3,922.85** |

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

**Notes forming part of consolidated financial statements**

**24.Other liabilities**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **- Current** | | |
| Unearned revenue | 1,979.70 | 1,043.75 |
| Advance from customers | 262.89 | 175.48 |
| Other payables | | |
| - Statutory liabilities | 904.91 | 1,183.11 |
| - Others* | 155.32 | 245.37 |
| | 3,302.82 | 2,647.71 |
| **- Non Current** | | |
| Unearned revenue | 44.44 | 34.83 |
| | **3,347.26** | **2,682.54** |

*Includes balance of ₹ 65.10 Million (Previous year: ₹ 125.39 Million) to be utilised against certain predefined activities specified in the government grant agreement. There are no unfulfilled conditions or contingencies attached to these grants.

**25. Current liabilities : Provisions**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Provision for employee benefits | | |
| - Gratuity (refer note 31) | 0.13 | 0.09 |
| - Leave encashment | 1,651.87 | 1,167.97 |
| - Long service awards | 34.02 | 34.18 |
| - Other employee benefits | 1,644.64 | 3,447.00 |
| | **3,330.66** | **4,649.24** |

*(This space is intentionally left blank)*

**Trade payables ageing schedule**

(In ₹ Million)

| | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Total outstanding dues of micro enterprises and small enterprises | 49.63 | - | - | - | 49.63 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 7,959.56 | 79.30 | 31.84 | 18.29 | 8,088.99 |
| **As at March 31, 2024** | **8,009.19** | **79.30** | **31.84** | **18.29** | **8,138.62** |

In ₹ Million

| | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Total outstanding dues of micro enterprises and small enterprises | 34.04 | - | - | - | 34.04 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 5,331.22 | 280.89 | 5.95 | 36.98 | 5,655.04 |
| **As at March 31, 2023** | **5,365.26** | **280.89** | **5.95** | **36.98** | **5,689.08** |

*(This space is intentionally left blank)*

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

| | For the year ended March 31, 2024 In ₹ Million | March 31, 2023 In ₹ Million |
|---|---|---|
| Software services | 94,181.78 | 79,993.40 |
| Software licenses | 4,034.09 | 3,512.52 |
| | **98,215.87** | **83,505.92** |

Software service revenue is recognized on on time and materiality basis. Software licenses revenue is recognized on point in time basis.

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

| | For the year ended March 31, 2024 In ₹ Million | For the year ended March 31, 2023 In ₹ Million |
|---|---|---|
| **Revenue by industry segments** | | |
| BFSI | 31,385.58 | 27,231.45 |
| Healthcare & Life Sciences | 20,880.32 | 16,161.07 |
| Technology Companies and Emerging Verticals | 45,949.97 | 40,113.40 |
| **Total** | **98,215.87** | **83,505.92** |
| **Geographical disclosure** | | |
| India | 9,747.39 | 9,432.51 |
| North America | 77,087.28 | 65,107.83 |
| Rest of the World | 11,381.20 | 8,965.58 |
| **Total** | **98,215.87** | **83,505.92** |
| **Customers' Industry wise disclosure** | | |
| IP Led | 7,009.74 | 6,217.73 |
| Offshore | 58,230.11 | 48,411.12 |
| Onsite | 32,976.02 | 28,877.07 |
| **Total** | **98,215.87** | **83,505.92** |

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation-related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material and unit of work-based contracts. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency. The normal credit term is 30 to 90 days.

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

In respect of the contracts wherein the transaction price is in the form of revenue share, the estimated revenue for the customer is considered based on the historical trends and management's judgement with respect to customer business. The estimated revenue from these contracts included in the total revenue for the year is ₹ 40.58 million (Previous Year: ₹ 113.45 million).

**Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price:**

| | For the year ended March 31, 2024 In ₹ Million | For the year ended In ₹ Million |
|---|---|---|
| Revenue as per contract price | 98,215.87 | 83,505.92 |
| Discount | - | - |
| Revenue from contract with customers | **98,215.87** | **83,505.92** |

**Changes in contract assets are as follows:**

| | For the year ended | |
|---|---|---|
| | **March 31, 2024 In ₹ Million** | **March 31, 2023 In ₹ Million** |
| **Balance at the beginning of the year** | 4,671.23 | 3,130.31 |
| Invoices raised that were included in the contract assets balance at the beginning of the year | (4,688.21) | (3,259.71) |
| Increase due to revenue recognised during the year, excluding amounts billed during the year | 6,521.34 | 4,671.23 |
| Translation exchange difference | 16.98 | 129.40 |
| **Balance at the end of the year** | **6,521.34** | **4,671.23** |

**Changes in unearned and deferred revenue are as follows:**

| | For the year ended | |
|---|---|---|
| | **March 31, 2024 In ₹ Million** | **March 31, 2023 In ₹ Million** |
| **Balance at the beginning of the year** | 1,078.58 | 978.32 |
| Revenue recognised that was included in the unearned revenue balance at the beginning of the year | (981.16) | (900.71) |
| Increase due to revenue recognised during the year, excluding amounts billed during the year | 1,791.38 | 990.30 |
| Translation exchange difference | 135.34 | 10.67 |
| **Balance at the end of the year** | **2,024.14** | **1,078.58** |

**27. Other income**

| | For the year ended | |
|---|---|---|
| | **March 31, 2024 In ₹ Million** | **March 31, 2023 In ₹ Million** |
| Interest income | | |
| - On deposits carried at amortised cost | 294.98 | 296.25 |
| - On Others | 267.47 | 216.38 |
| **Other non operating income** | | |
| Foreign exchange gain (net) | 84.97 | (133.24) |
| Profit on sale of property, plant and equipment (net) | 22.64 | 1.69 |
| Net profit on sale/ fair valuation of financial assets designated as FVTPL | 289.11 | 196.52 |
| Excess provision in respect of earlier years written back | 27.76 | 32.44 |
| Miscellaneous income | 293.27 | 96.13 |
| | **1,280.20** | **706.17** |

**28. Personnel expenses**

| | For the year ended | |
|---|---|---|
| | **March 31, 2024 In ₹ Million** | **March 31, 2023 In ₹ Million** |
| **28.1 Employee benefits expense** | | |
| Salaries, wages and bonus | 53,155.41 | 44,367.70 |
| Contribution to provident and other funds* (refer note 31) | 3,781.21 | 3,022.40 |
| Staff welfare expenses | 1,581.33 | 948.41 |
| Share based payments to employees (refer note 35) | 1,091.75 | 1,357.14 |
| | **59,609.70** | **49,695.65** |
| **28.2 Cost of professionals** | 11,492.70 | 10,426.01 |
| | **71,102.40** | **60,121.66** |

* Includes gratuity and leave encashment.

### 29. Other expenses

| | For the year ended | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| | **In ₹ Million** | **In ₹ Million** |
| Travelling and conveyance | 1,533.72 | 1,260.25 |
| Electricity expenses (net) | 140.95 | 120.28 |
| Internet link expenses | 132.44 | 82.59 |
| Communication expenses | 80.81 | 96.25 |
| Recruitment expenses | 250.38 | 414.85 |
| Training and seminars | 169.86 | 123.30 |
| Royalty expenses | 59.55 | 65.19 |
| Purchase of software licenses | 5,608.16 | 3,411.70 |
| Bad debts | 63.36 | 82.33 |
| Allowance / (Reversal) for expected credit loss (net) | 103.57 | 3.03 |
| Rent (refer note 36) | 145.93 | 147.45 |
| Insurance | 91.96 | 52.89 |
| Rates and taxes | 141.78 | 145.39 |
| Legal and professional fees | 1,063.96 | 926.27 |
| Repairs and maintenance | | |
| - Plant and Machinery | 187.75 | 140.13 |
| - Buildings | 35.19 | 33.63 |
| - Others | 32.42 | 28.10 |
| Selling and marketing expenses | 7.98 | 57.38 |
| Changes in contingent consideration payable on business combination | (743.03) | - |
| Advertisement, conference and sponsorship fees | 185.09 | 159.78 |
| Computer consumables | 21.11 | 18.37 |
| Auditors' remuneration (refer note 39) | 14.31 | 11.84 |
| Corporate social responsibility expenditure (refer note 43) | 175.45 | 117.60 |
| Books, memberships, subscriptions | 33.15 | 83.12 |
| Directors' sitting fees | 8.20 | 8.00 |
| Directors' commission | 34.11 | 27.95 |
| Loss / Impairment of non current investments | 20.58 | - |
| Miscellaneous expenses | 757.87 | 575.34 |
| | **10,356.61** | **8,193.01** |

### 30. Earnings per share

| | | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|---|
| <u>**Numerator for Basic and Diluted EPS**</u> | | | |
| Net Profit after tax (In ₹ Million) | (A) | 10,934.91 | 9,210.93 |
| <u>**Denominator for Basic EPS**</u> | | | |
| Weighted average number of equity shares | (B) | 150,952,418 | 148,887,386 |
| <u>**Denominator for Diluted EPS**</u> | | | |
| Number of equity shares | (C) | 153,871,858 | 152,850,000 |
| **Basic Earnings per share of face value of ₹ 5 each (In ₹)** | (A/B) | **72.44** | **61.87** |
| **Diluted Earnings per share of face value of ₹ 5 each (In ₹)** | (A/C) | **71.07** | **60.26** |

| | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Outstanding weighted average number of equity shares considered for diluted EPS | 153,871,858 | 152,850,000 |
| Less: Weighted average number of treasury shares | 2,919,440 | 3,962,614 |
| **Number of shares considered as weighted average shares and potential shares outstanding** | **150,952,418** | **148,887,386** |

*(This space is intentionally left blank)*

## 31. Defined benefits and contribution obligation

### a) Defined benefits - Gratuity

Persistent Systems Limited and Persistent Systems Lanka (Private) Limited have defined benefit (gratuity) plans. Each employee in these companies is eligible for gratuity on completion of minimum five years of service at 15 days basic salary (last drawn basic salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

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

**Statement of profit and loss**

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

**(In ₹ Million)**

| | For the year ended | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Current service cost | 305.69 | 194.87 |
| Interest cost on benefit obligation | 94.48 | 82.38 |
| Expected return on plan assets | (99.74) | (86.68) |
| Other | - | - |
| **Net benefit expense** | **300.43** | **190.57** |
| Net actuarial loss recognized in the year | 90.52 | 35.01 |

| | | |
|---|---|---|
| Due to Demographic assumptions | - | - |
| Due to Financial assumptions | 50.06 | (64.18) |
| Due to Experience assumptions | 40.46 | 99.19 |
| **Net actuarial loss recognized in the year** | 90.52 | 35.01 |

**Balance sheet**

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

**(In ₹ Million)**

| | At at | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Opening fair value of plan assets | 1,331.70 | 1,226.01 |
| Expected return | 99.74 | 86.68 |
| Contribution by employer | 274.93 | 3.62 |
| Benefits paid | (155.31) | (3.62) |
| Actuarial gains / (losses) | (7.74) | 19.01 |
| **Closing fair value of plan assets** | **1,543.32** | **1,331.70** |

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

**(In ₹ Million)**

| | As at | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Opening defined benefit obligation | 1,281.99 | 1,193.78 |
| Interest cost | 94.48 | 82.38 |
| Current service cost | 305.69 | 194.87 |
| Benefits paid | (155.31) | (223.55) |
| Actuarial losses on obligation | 90.52 | 35.01 |
| Exchange difference | 0.32 | (0.50) |
| **Closing defined benefit obligation** | **1,617.69** | **1,281.99** |

**Benefit asset / (liability)**

**(In ₹ Million)**

| | As at | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Fair value of plan assets | 1,543.32 | 1,331.70 |
| Less: Defined benefit obligations | (1,614.08) | (1,278.38) |
| **Gratuity Liability / Plan asset for Persistent Systems Limited** | **(70.76)** | **53.32** |
| **Gratuity liability for Persistent Systems Lanka (Private) Limited** | **(3.61)** | **(3.61)** |

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

**Persistent Systems Limited**

| | As at | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Discount rate | 7.22% | 7.49% |
| Mortality | IALM (2012-14) Ult. | IALM (2012-14) Ult. |
| Attrition rate | PS: 0 to 1 : 17%<br>PS: 1 to 3 : 15%<br>PS: 3 to 4 : 10%<br>PS: 4 to 5 : 5%<br>PS: 5 to 7 : 6%<br>PS: 7 to 10 : 4%<br>PS: Above 10 : 2% | PS: 0 to 1 : 17%<br>PS: 1 to 3 : 15%<br>PS: 3 to 4 : 10%<br>PS: 4 to 5 : 5%<br>PS: 5 to 7 : 6%<br>PS: 7 to 10 : 4%<br>PS: Above 10 : 2% |
| Increment rate | 6.00% | 6.00% |
| Weighted average duration of the defined benefit obligation (Years) | 13.26 | 13.53 |

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

| | As at | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Investments with insurer including accrued interest | 100% | 100% |

**Persistent Systems Lanka (Private) Limited**

| | As at | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Discount rate | 13.40% | 25.48% |
| Increment rate | 7.00% | 7.00% |

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

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected compensation increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

As at March 31, 2024, every percentage point increase / decrease in discount rate will change the defined benefit obligation (gratuity) obligation to approximately ₹ 1,824.04 million / ₹ 1,445.62 million (previous year: ₹ 1,146.05 million / ₹ 1,442.92 million) respectively.

As at March 31, 2024, every percentage point increase / decrease in compensation levels will change the the defined benefit obligation (gratuity) obligation to approximately ₹ 1,758.09 million / ₹ 1,499.68 million (previous year: ₹ 1,375.82 million / ₹ 1,201.78 million) respectively.

Sensitivity analysis for each significant actuarial assumptions namely Discount rate and Salary assumptions have been shown in the table above at the end of the reporting period, showing how the defined benefit obligation would have been affected by the changes .

The Mortality and Attrition does not have a significant impact on the Liability , hence are not considered a significant actuarial assumption for the purpose of Sensitivity analysis

The assumptions used in preparing the sensitivity analysis is
Discount rate at +1% and – 1%
Salary assumption at +1 % and -1%

The method used to calculate the liability in these scenarios is by keeping all the other parameters and the data same as in the base liability calculation except the parameters to be stressed.

There is no change in the method from the previous period and the points /percentage by which the assumptions are stressed are same to that in the previous year.

Amounts for the current and previous year are as follows:

**(In ₹ Million)**

| | As at | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Plan assets | 1,543.32 | 1,331.70 |
| Defined benefit obligation | (1,614.08) | (1,278.38) |
| Plan asset for Persistent Systems Limited | (70.76) | 53.32 |
| Gratuity liability for Persistent Systems Lanka (Private) Limited | (3.61) | (3.61) |

Maturity Profiles of defined benefit obligations are as follows:

**(In ₹ Million)**

| | As at | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Within 1 year | 71.54 | 58.98 |
| 1-2 years | 67.91 | 65.40 |
| 2-3 years | 74.22 | 63.68 |
| 3-4 years | 118.43 | 68.05 |
| 4-5 years | 97.15 | 104.63 |
| 5-10 years | 520.64 | 405.87 |
| Above 10 years | 3,639.82 | 2,893.73 |

Expected contributions to the gratuity plan for the next annual reporting period are ₹ 71.41 million.

**Risk Characteristics of the Defined Benefit Plan**

**Investment risk**
For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

**Market Risk (Interest Rate)**
Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

**Longevity Risk**
The impact of longevity risk will depend on whether the benefits are paid before retirement age or after. Typically for the benefits paid on or before the retirement age, the longevity risk is not very material.

**b) Defined contribution plan - Superannuation Fund**
The Group contributed ₹ 89.42 million and ₹ 75.66 million to superannuation fund during the years ended March 31, 2024 and March 31, 2023 respectively and the same is recognised in the Statement of profit and loss under the head employee benefit expenses.

**c) Defined contribution plan - Provident Fund**
The Parent Company has certain defined contribution plans. Contributions are made to provident fund for its employees @ 12% of Basic salary as per regulation. The contributions are made to registered provident fund administered by the Government of India. The obligation of the Parent Company is limited to the amount contributed. and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan (provident fund) is ₹ 1,383.67 million (Previous year ₹ 1,159.43 million).

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### 32 (a) Financial assets and liabilities

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

(In ₹ Million)

| Financial assets/ Financial liabilities | March 31, 2024 | | | March 31, 2023 | | | Fair value hierarchy* |
|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost | |
| **Financial Assets:** | | | | | | | |
| Investments in equity instruments, preferred stock and convertible notes | 156.82 | - | - | 181.13 | - | - | Level 3 |
| Investments in bonds # | - | - | 2,995.61 | - | - | 3,085.59 | |
| Investments in mutual funds | 5,113.25 | - | - | 3,134.94 | - | - | Level 2 |
| Loans | - | - | - | - | - | - | |
| Deposit with banks and financial institutions (net) | - | - | 3,715.20 | - | - | 4,922.43 | |
| Cash and cash equivalents (including unpaid dividend) | - | - | 6,628.07 | - | - | 4,673.17 | |
| Trade receivables (net) | - | - | 16,761.13 | - | - | 15,704.64 | |
| Foreign exchange forward contracts | - | 42.54 | - | - | - | - | Level 2 |
| Unbilled revenue | - | - | 6,521.34 | - | - | 4,671.23 | |
| Other non current financial assets | - | - | 410.90 | - | - | 383.36 | |
| Other current financial assets | - | - | 57.95 | - | - | - | |
| **Total Financial Assets** | **5,270.07** | **42.54** | **37,090.20** | **3,316.07** | **-** | **33,440.42** | |
| **Financial Liabilities:** | | | | | | | |
| Borrowings (including accrued interest) | - | - | 2,073.19 | - | - | 4,285.10 | |
| Trade payables | - | - | 8,138.62 | - | - | 5,689.08 | |
| Lease liabilities | - | - | 2,438.10 | - | - | 2,268.59 | |
| Other financial liabilities (excluding borrowings) | - | - | 6,182.82 | - | - | 12,071.78 | |
| Foreign exchange forward contracts | - | - | - | - | 67.67 | - | |
| **Total Financial Liabilities** | **-** | **-** | **18,832.73** | **-** | **67.67** | **24,314.55** | |

***Fair value hierarchy:**

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

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

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

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

**# Investments in bonds:**

(In ₹ million)

| Particulars | March 31, 2024 | | | March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Face Value | No. of Units | Cost | Face Value | No. of Units | Cost |
| Bonds carried at amortised cost | 1,000 | 1,325,898 | 1,593.57 | 1,000 | 1,405,898 | 1,681.82 |
| | 5,000 | 53,000 | 361.87 | 5,000 | 53,000 | 361.87 |
| | 1,000,000 | 906 | 961.47 | 1,000,000 | 906 | 961.47 |
| Total Cost | | | 2,916.91 | | | 3,005.16 |
| Designated as fair value through profit and loss | | | 78.70 | | | 80.43 |
| **Total investments carried at amortised cost** | | | **2,995.61** | | | **3,085.59** |

**32 (b) Financial risk management**

**Financial risk factors and risk management objectives**

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors which provide written principles on foreign exchange hedging. The Group's exposure to credit risk is mainly for receivables that are overdue for more than 90 days. The Credit Task Force is responsible for credit risk management. Investment of excess liquidity is governed by the Investment policy of the Group. The Group's Risk Management Committee monitors risks and policies implemented to mitigate risk exposures.

**Market risk**

The Group operates globally with its operations spread across various geographies and consequently the Group is exposed to foreign exchange risk. Around 80% to 90% of the Group's foreign currency exposure is in USD. The Group holds plain vanilla forward contracts against expected future receivables in USD to mitigate the risk of changes in exchange rates.

The following table analyses unhedged foreign currency risk from financial instruments as at March 31, 2024:

**(In ₹ million)**

| | USD | EUR | GBP | Other currencies | Total |
|---|---|---|---|---|---|
| Trade receivables | 8,346.86 | 505.68 | 979.78 | 360.84 | 10,193.16 |
| Cash and cash equivalents and bank balances | 1,851.71 | 13.77 | 94.62 | 117.06 | 2,077.16 |
| Trade and other payables | 51.88 | 107.04 | 93.52 | 50.15 | 302.59 |

The following table analyses unhedged foreign currency risk from financial instruments as at March 31, 2023:

**(In ₹ Million)**

| | USD | EUR | GBP | Other currencies | Total |
|---|---|---|---|---|---|
| Trade receivables | 3,124.04 | 424.48 | 200.17 | 95.16 | 3,843.86 |
| Cash and cash equivalents and bank balances | 744.67 | 40.38 | 171.71 | 107.93 | 1,064.69 |
| Trade and other payables | 11.36 | 110.79 | 62.96 | 31.39 | 216.50 |

**Foreign currency sensitivity analysis**

For the year ended March 31, 2024 and March 31, 2023, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, would affect the Group's profit before tax margin (PBT) by approximately 0.12% and 0.06% respectively.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting year and the current reporting year.

**Derivative financial instruments**

The Group holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Group has designated foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions.

The following table gives details in respect of outstanding foreign currency forward contracts:

| | As at March 31, 2024 | | | As at March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Foreign currency (million) | Average rate | ₹ (million) | Foreign currency (million) | Average rate | ₹ (million) |
| **Derivatives designated as cash flow hedges** | | | | | | |
| **Forward contracts** | | | | | | |
| USD | 260.00 | 84.16 | 21,881.33 | 230.00 | 82.83 | 19,051.50 |

The foreign exchange forward contracts mature within a maximum period of twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

| | As at March 31, 2024 | | | As at March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Foreign currency (million) | Average rate | ₹ (million) | Foreign currency (million) | Average rate | ₹ (million) |
| Not later than 3 months | 64.00 | 83.72 | 5,357.97 | 55.00 | 80.82 | 4,445.22 |
| Later than 3 months and not later than 6 months | 70.00 | 84.03 | 5,882.04 | 63.00 | 82.60 | 5,203.67 |
| Later than 6 months and not later than 9 months | 63.00 | 84.55 | 5,326.58 | 56.00 | 83.95 | 4,701.05 |
| Later than 9 months and not later than 12 months | 63.00 | 84.36 | 5,314.74 | 56.00 | 83.96 | 4,701.56 |
| **Total** | **260.00** | | **21,881.33** | **230.00** | | **19,051.50** |

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**Credit risk**

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 17,491.31 million and ₹ 15,962.67 million as at March 31, 2024 and March 31, 2023, respectively
Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed by the Group by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Group grants credit terms in the normal course of business.
On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables. The policy takes into account available external and internal credit risk factors and the Group's historical experience for customers.

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

(In ₹ Million)

| | As at | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| Receivables overdue for more than 90 days * | 553.19 | 381.32 |
| Total receivables (gross) | 17,889.95 | 16,151.63 |
| Overdue for more than 90 days as a % of total receivables | 3.1% | 2.4% |

* Out of this amount, ₹ 398.64 million (March 31, 2023: ₹ 188.96 million) have been provided for.

**Ageing of trade receivables**

(In ₹ Million)

| | As at | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| Within the credit period | 13,810.70 | 11,494.47 |
| 1 to 30 days past due | 2,111.36 | 2,625.12 |
| 31 to 60 days past due | 925.83 | 1,100.93 |
| 61 to 90 days past due | 488.87 | 549.79 |
| 91 to 120 days past due | 151.40 | 161.24 |
| 121 and above past due | 401.79 | 220.08 |
| Less: Expected credit loss | (398.64) | (188.96) |
| **Net trade receivables** | **17,491.31** | **15,962.67** |

**Movement in expected credit loss allowance**

(In ₹ Million)

| | As at | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| Opening balance | 188.96 | 165.78 |
| Movement in expected credit loss allowance | 103.57 | 3.03 |
| Pre-acquistion ECL adjusted against contingent consideration | 96.44 | - |
| Translation differences | 9.67 | 20.15 |
| **Closing balance** | **398.64** | **188.96** |

Credit risk on cash and cash equivalents is limited as the Group generally invests in deposits with banks and financial institutions with high credit ratings. Investments primarily include investment in debts mutual funds, quoted bonds.

**Liquidity risk**

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The investment of surplus funds is governed by the Group's investment policy approved by the Board of Directors. The Group believes that the working capital is sufficient to meet its current fund requirements including repayment of borrowings. Accordingly, no liquidity risk is perceived.
As at March 31, 2024, the Group had a working capital of ₹ 19,390.14 million including cash and cash equivalents and current fixed deposits of ₹ 10,119.14 million and current investments of ₹ 2,726.54 million.
As at March 31, 2023, the Group had a working capital of ₹ 14,337.34 million including cash and cash equivalents and current fixed deposits of ₹ 8,899.56 million and current investments of ₹ 1,879.66 million.

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

(In ₹ Million)

| | As at | | | |
|---|---|---|---|---|
| | March 31, 2024 | | March 31, 2023 | |
| | Less than 1 year | More than 1 year | Less than 1 year | More than 1 year |
| Borrowings (including accrued interest) | 1,974.04 | 99.15 | 2,227.51 | 2,057.59 |
| Trade payables and deferred payment liabilities | 8,138.62 | - | 5,689.08 | - |
| Lease Liabilities | 842.62 | 1,919.95 | 676.77 | 1,919.39 |
| Other financial liabilities (excluding borrowings) | 1,744.23 | - | 1,717.19 | 2,888.92 |

*(This space is intentionally left blank)*

**Capital management risk**

The Company’s objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company’s capital management aims to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through a mixture of equity, internal fund generation and current and non-current borrowings.

**Gearing Ratio** (In ₹ Million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Borrowings | 2,073.19 | 4,306.95 |
| Other financial liabilities | 3,718.27 | 6,811.77 |
| **Total Debt:** | **5,791.46** | **11,118.72** |
| Less : Cash and cash equivalents and bank balances other than cash and cash equivalants | 10,228.86 | 9,032.80 |
| **Net Debt #** | **- 4,437.40** | **2,085.92** |
| Total equity | 49,577.07 | 39,650.78 |
| **Total Capital** | **49,577.07** | **39,650.78** |
| **Gearing Ratio (in %)** | **-8.95%** | **5.26%** |

# Net debt for the above purpose includes borrowings, interest accrued on borrowings and amount payable for letter of credit net of cash and cash equivalants and bank balances other than cash and cash equivalants.

*(This space is intentionally left blank)*

**32 (c) Derivative instruments and un-hedged foreign currency exposures**

**(i) Forward contracts outstanding at the end of the year:**

(In ₹ Million)

| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Forward contracts to sell USD: Hedging of expected receivables of USD 260 million (Previous year USD 230 million) | 21,881.33 | 19,051.50 |

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

| | March 31, 2024 | | | March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | In ₹ million | Foreign currency (In million) | Conversion rate (₹) | In ₹ million | Foreign currency (In million) | Conversion rate (₹) |
| Bank balances | 23.48 | JPY 42.62 | 0.55 | 33.21 | JPY 53.83 | 0.62 |
| | 1,851.71 | USD 22.20 | 83.40 | 744.67 | USD 9.06 | 82.17 |
| | 94.62 | GBP 0.90 | 105.27 | 171.71 | GBP 1.69 | 101.64 |
| | 80.31 | CAD 1.31 | 61.38 | 48.95 | CAD 0.81 | 60.63 |
| | 13.77 | EUR 0.15 | 90.01 | 40.38 | EUR 0.45 | 89.36 |
| | 1.46 | AUD 0.27 | 54.17 | 25.77 | AUD 0.46 | 54.92 |
| | 11.81 | RON 0.65 | 18.08 | - | - | - |
| Trade and other payables | 51.88 | USD 0.62 | 83.40 | 11.36 | USD 0.14 | 82.17 |
| | 93.52 | GBP 0.89 | 105.27 | 62.96 | GBP 0.62 | 101.64 |
| | 107.04 | EUR 1.19 | 90.01 | 110.79 | EUR 1.24 | 89.36 |
| | 0.99 | SGD 0.02 | 61.75 | 1.18 | SGD 0.02 | 61.78 |
| | 32.49 | CAD 0.52 | 61.38 | 19.01 | CAD 0.31 | 60.63 |
| | 1.13 | AUD 0.02 | 54.17 | 11.20 | AUD 0.20 | 54.92 |
| | 14.09 | ILS 0.62 | 22.64 | - | - | - |
| | 0.04 | ZAR 0.01 | 4.37 | - | - | - |
| | 1.00 | JPY 1.82 | 0.55 | - | - | - |
| | 0.41 | CHF 0.004 | 92.11 | - | - | - |
| Trade receivables | 505.68 | EUR 5.62 | 90.01 | 424.48 | EUR 4.75 | 89.36 |
| | 8,346.86 | USD 100.08 | 83.40 | 3,124.04 | USD 38.02 | 82.17 |
| | 979.78 | GBP 9.31 | 105.27 | 200.17 | GBP 1.97 | 101.64 |
| | 183.45 | CAD 2.99 | 61.38 | 54.29 | CAD 0.90 | 60.63 |
| | 139.36 | AUD 2.57 | 54.17 | 26.73 | AUD 0.49 | 54.92 |
| | 12.38 | ZAR 2.83 | 4.37 | 7.20 | ZAR 1.56 | 4.60 |
| | 15.71 | SGD 0.25 | 61.75 | 6.94 | SGD 0.11 | 61.78 |
| | 0.01 | CHF 0.01 | 92.11 | - | - | - |
| | 4.06 | JPY 7.36 | 0.55 | - | - | - |
| | 5.87 | MYR 0.33 | 17.63 | - | - | - |

*(This space is intentionally left blank)*

### 33. Income taxes

**The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:**

| | For the year ended | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| | In ₹ Million | In ₹ Million |
| Profit before tax | 14,476.06 | 12,408.52 |
| Enacted tax rate in India | 25.17% | 25.17% |
| Computed tax expense at enacted tax rate | 3,643.33 | 3,122.98 |
| Effect of exempt income | (282.50) | (55.68) |
| Effect of non-deductible expenses | 110.19 | (6.59) |
| Effect of concessions (R&D allowance) | 57.95 | (1.35) |
| Effect of concessions (Tax holidays) | (6.16) | (12.33) |
| Effect of previously unrecognised deferred tax assets now recognised | 2.64 | (29.01) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 120.23 | 147.46 |
| Effect of different tax rates for different heads of income | 1.87 | (0.07) |
| Effect of change in tax rates | - | (0.79) |
| Short Tax Provision of earlier years (net) | 76.58 | (3.54) |
| Reversal of Deferred tax asset created in earlier years | 5.77 | 81.53 |
| Tax benefit on set-off of carry-forward losses | (11.62) | (28.88) |
| Unused tax losses not recognised as deferred tax assets | 141.26 | 60.33 |
| Excess tax benefits on stock-based compensation | (262.02) | (148.64) |
| Others | (56.37) | 72.16 |
| **Income tax expense** | **3,541.15** | **3,197.59** |

Following subsidiaries of the Company have carry-forward tax loss as on March 31, 2024. The details are provided in below table. The Company has recognized deferred tax asset on this loss in case of Persistent Systems Germany GmbH to the extent of Euro 1,187,525 in its financial statements. In case of other subsidiaries, no deferred tax is currently recognized. However, the Company expects that this loss shall be utilised against future taxable income.

| Entity Name | Category | Country | Currency | Carry forward losses | |
|---|---|---|---|---|---|
| | | | | March 31, 2024 | March 31, 2023 |
| | | | | In Million | In ₹ Million |
| Persistent Systems UK Ltd. | Pre April 1, 2017 | UK | GBP | 22.47 | 2,364.92 |
| | Post April 1, 2017 | | | 3.31 | 348.91 |
| Persistent Systems Australia Pty Ltd. | - | Australia | AUD | 1.04 | 56.60 |
| Persistent Systems Germany GmbH | - | Germany | EURO | 9.49 | 854.21 |

*(This space is intentionally left blank)*

**34. Segment information**

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

The operating segments of the Group are:

**a. Banking, Financial Services and Insurance (BFSI)**
Persistent helps financial institutions reduce complexity and simplify operating models to achieve growth and navigate disruption to evolve into next-generation financial institutions. We help our clients deliver world-class customer experiences, enabled by streamlined operations that create new business value.

**b. Healthcare & Life Sciences**
Persistent's healthcare expertise helps industry leaders drive revenue growth by providing end-to-end healthcare solutions and improved patient acquisition-retention. Implement next-generation solutions using cloud-based data integration and analytics.

Persistent's Life Sciences division helps analytical instruments, medical devices, and pharmaceutical companies better utilize technology to bring new products and solutions to market.

**c. Software, Hi-Tech and Emerging Industries**
Software innovation and engineering services to design, develop and manage next-generation software products with breakthrough operational efficiency.

**(In ₹ Million)**

| Particulars | | | BFSI | Healthcare & Life Sciences | Software, Hi-Tech and Emerging Industries | Total |
|---|---|---|---|---|---|---|
| Revenue | | | | | | |
| | Year ended | March 31, 2024 | 31,385.58 | 20,880.32 | 45,949.97 | 98,215.87 |
| | Year ended | March 31, 2023 | 27,231.45 | 16,161.07 | 40,113.40 | 83,505.92 |
| Identifiable expense | | | | | | |
| | Year ended | March 31, 2024 | 19,861.72 | 12,209.10 | 34,145.31 | 66,216.13 |
| | Year ended | March 31, 2023 | 17,226.98 | 8,147.53 | 27,830.90 | 53,205.41 |
| Segmental result | | | | | | |
| | Year ended | March 31, 2024 | 11,523.86 | 8,671.22 | 11,804.66 | 31,999.74 |
| | Year ended | March 31, 2023 | 10,004.47 | 8,013.54 | 12,282.50 | 30,300.51 |
| Unallocable expenses | | | | | | |
| | Year ended | March 31, 2024 | | | | 18,803.88 |
| | Year ended | March 31, 2023 | | | | 18,598.16 |
| Operating income | | | | | | |
| | Year ended | March 31, 2024 | | | | 13,195.86 |
| | Year ended | March 31, 2023 | | | | 11,702.35 |
| Other income (net of expenses) | | | | | | |
| | Year ended | March 31, 2024 | | | | 1,280.20 |
| | Year ended | March 31, 2023 | | | | 706.17 |
| Profit before taxes | | | | | | |
| | Year ended | March 31, 2024 | | | | 14,476.06 |
| | Year ended | March 31, 2023 | | | | 12,408.52 |
| Tax expense | | | | | | |
| | Year ended | March 31, 2024 | | | | 3,541.15 |
| | Year ended | March 31, 2023 | | | | 3,197.59 |
| Profit after tax | | | | | | |
| | Year ended | March 31, 2024 | | | | 10,934.91 |
| | Year ended | March 31, 2023 | | | | 9,210.93 |

Note: Numbers mentioned in above table have been reconciled with the statement of profit and loss.

**(In ₹ Million)**

| Particulars | | | BFSI | Healthcare & Life Sciences | Software, Hi-Tech and Emerging Industries | Total |
|---|---|---|---|---|---|---|
| Segmental trade receivables (net) | | | | | | |
| | As at | March 31, 2024 | 4,657.36 | 3,106.66 | 9,727.29 | 17,491.31 |
| | As at | March 31, 2023 | 4,074.64 | 2,579.81 | 9,308.22 | 15,962.67 |
| Segmental Unbilled revenue | | | | | | |
| | As at | March 31, 2024 | 1,471.00 | 1,129.58 | 3,920.76 | 6,521.34 |
| | As at | March 31, 2023 | 1,170.86 | 802.11 | 2,698.26 | 4,671.23 |
| Unallocated assets | | | | | | |
| | As at | March 31, 2024 | - | - | - | 49,723.53 |
| | As at | March 31, 2023 | - | - | - | 46,096.90 |
| Unallocated liabilities | | | | | | |
| | As at | March 31, 2024 | - | - | - | 24,159.11 |
| | As at | March 31, 2023 | - | - | - | 27,080.02 |

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

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

**(In ₹ Million)**

| Particulars | | | India | North America | Rest of the World | Total |
|---|---|---|---|---|---|---|
| Revenue | | | | | | |
| | Year ended | March 31, 2024 | 9,747.39 | 77,087.28 | 11,381.20 | 98,215.87 |
| | Year ended | March 31, 2023 | 9,432.51 | 65,107.83 | 8,965.58 | 83,505.92 |

The following table shows the information regarding geographical non-current assets.

**(In ₹ Million)**

| Particulars | | | India | North America | Rest of the World | Total |
|---|---|---|---|---|---|---|
| Non-current assets | | | | | | |
| | As at | March 31, 2024 | 23,287.67 | 6,575.97 | 728.25 | 30,591.89 |
| | As at | March 31, 2023 | 22,636.18 | 7,462.77 | 580.06 | 30,679.01 |

The revenue from individual customers in excess of ten percent of total revenue of the Group is ₹ 9,248.88 million for the year ended March 31, 2024 (Previous year : ₹ 7,697.87 Million).

### 35. Employees stock option plans (ESOP)

Certain information in this note relating to number of shares, options and per share/option price has been disclosed in full and is not rounded off.

#### a) Details of Employee stock option plans

The Company has framed various share-based payment schemes for its employees. The details of various equity-settled employee stock option plan ('ESOP') schemes adopted by the Board of Directors are as follows:

| ESOP scheme | No. of options granted # | Date of adoption by the Board/Members | Initial Grant date | Exercise period |
|---|---|---|---|---|
| Scheme I | 9,121,000 | 11-Dec-99 | 11-Dec-99 | * |
| Scheme II | 1,506,400 | 23-Apr-04 | 23-Apr-04 | 10 Years |
| Scheme III | 5,066,600 | 23-Apr-04 | 23-Apr-04 | * |
| Scheme IV | 13,916,500 | 23-Apr-06 | 23-Apr-06 | 10 Years |
| Scheme V | 3,781,050 | 23-Apr-06 | 23-Apr-06 | * |
| Scheme VI | 2,432,500 | 31-Oct-06 | 31-Oct-06 | 10 Years |
| Scheme VII | 3,569,950 | 30-Apr-07 | 30-Apr-07 | 10 Years |
| Scheme VIII | 84,000 | 24-Jul-07 | 24-Jul-07 | 3 Years |
| Scheme IX | 2,748,924 | 29-Jun-09 | 29-Jun-09 | 10 Years |
| Scheme X | 6,124,544 | 10-Jun-10 | 29-Oct-10 | 2-3 Years |
| Scheme XI ** | 4,491,000 | 26-Jul-14 | 3-Nov-14 | 4-5 Years |
| Scheme XII *** | 134,600 | 4-Feb-16 | 8-Apr-16 | 2.5 Months |
| Scheme XIII | 16,666,188 | 27-Jul-17 | 1-Aug-19 | 4-5 Years |
| Scheme XIV | 160,000 | 27-Jul-17 | 1-May-19 | 3 Years |

# Adjusted for bonus issue of shares.
*No contractual life is defined in the scheme.

**The options under Scheme XI, which is a performance based ESOP scheme will vest after 1-4 years in proportion of credit points earned by the employees every quarter based on performance. The maximum options which can be granted under this scheme are 2,800,000.

***The options under Scheme XII, ESOP scheme would vest after 1 year. The maximum options which are granted under this scheme are 100 per employee.

**The vesting period and conditions of the above ESOP schemes is as follows:**

All the above ESOP schemes have service condition (other than Grant Category 1 of scheme XI which Is based on performance criteria), which require the employee to complete a specified period of service, as a vesting condition. The vesting pattern of various schemes has been provided below:

(i) Scheme I to V, VII, VIII, X and XIV

| Service period from the date of grant | % of Options vesting | | | |
|---|---|---|---|---|
| | Scheme I to V & X | Scheme VII | Scheme VIII | Scheme XIV |
| 12 Months | 10% | 20% | 25% | 0% |
| 24 Months | 30% | 40% | 50% | 33.33% |
| 36 Months | 60% | 60% | 75% | 66.66% |
| 48 Months | 100% | 80% | 100% | 100% |
| 60 Months | NA | 100% | NA | NA |

(ii) Scheme VI

| Service period from the date of grant | % of Options vesting |
|---|---|
| 18 Months | 30% |
| Every quarter thereafter | 5% |

(iii) Scheme IX

| Service period from the date of grant | % of Options vesting |
|---|---|
| 30 - 60 Months varying from employee to employee | 100% |

(iv) Scheme XI

| Service period from the date of grant | % of Options vesting Grant (Category 1) | Grant (Category 2) | Grant (Category 3) |
|---|---|---|---|
| 12 Months | Based on credit points earned which varies from employee to employee | 25% | 40% |
| 24 Months | | 50% | 30% |
| 36 Months | | 75% | 30% |
| 48 Months | NA | 100% | NA |
| 60 Months | NA | NA | NA |

(v) Scheme XII:

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

(v) Scheme XIII:

| Service period from the date of grant | % of Options vesting Grant (Category 1) | Grant (Category 2) | Grant (Category 3) |
|---|---|---|---|
| 12 - 20 Months | 25% | 40% | 33.33% |
| 24 - 32 Months | 50% | 30% | 66.66% |
| 36 - 44 Months | 75% | 30% | 100% |
| 48 Months | 100% | NA | NA |
| 60 Months | NA | NA | NA |

**b) Details of activity of the ESOP schemes**

Movement for the year ended March 31, 2024 and March 31, 2023:

| ESOP Scheme | Particulars | Year Ended | Outstanding at the beginning of the Year | Granted during the Year | Forfeited during the Year | Exercised during the Year | Outstanding at the end of the Year | Exercisable at the end of the Year |
|---|---|---|---|---|---|---|---|---|
| Scheme I | Number of Options | 31-Mar-23 | - | - | - | - | - | - |
| | Weighted Average Price | 31-Mar-23 | - | - | - | - | - | - |
| | Number of Options | 31-Mar-24 | - | - | - | - | - | - |
| | Weighted Average Price | 31-Mar-24 | - | - | - | - | - | - |
| Scheme II | Number of Options | 31-Mar-23 | - | - | - | - | - | - |
| | Weighted Average Price | 31-Mar-23 | - | - | - | - | - | - |
| | Number of Options | 31-Mar-24 | - | - | - | - | - | - |
| | Weighted Average Price | 31-Mar-24 | - | - | - | - | - | - |
| Scheme III | Number of Options | 31-Mar-23 | 216,518 | - | 86,514 | 6,002 | 124,002 | 124,002 |
| | Weighted Average Price | 31-Mar-23 | 15.89 | - | 15.21 | 15.34 | 16.39 | 16.39 |
| | Number of Options | 31-Mar-24 | 124,002 | - | 51,532 | 2,000 | 70,470 | 70,470 |
| | Weighted Average Price | 31-Mar-24 | 16.39 | - | 15.47 | 15.34 | 17.67 | 17.67 |
| Scheme IV | Number of Options | 31-Mar-23 | 492,596 | - | 142,114 | 139,282 | 211,200 | 211,200 |
| | Weighted Average Price | 31-Mar-23 | 27.36 | - | 23.60 | 30.56 | 27.79 | 27.79 |
| | Number of Options | 31-Mar-24 | 211,200 | - | 16,600 | 160,400 | 34,200 | 34,200 |
| | Weighted Average Price | 31-Mar-24 | 27.79 | - | 20.47 | 30.56 | 25.33 | 25.33 |
| Scheme V | Number of Options | 31-Mar-23 | 99,762 | - | - | 3,208 | 96,554 | 96,554 |
| | Weighted Average Price | 31-Mar-23 | 13.30 | - | - | 13.39 | 13.30 | 13.30 |
| | Number of Options | 31-Mar-24 | 96,554 | - | - | 26,486 | 70,068 | 70,068 |
| | Weighted Average Price | 31-Mar-24 | 13.30 | - | - | 15.57 | 12.41 | 12.41 |
| Scheme VI | Number of Options | 31-Mar-23 | - | - | - | - | - | - |
| | Weighted Average Price | 31-Mar-23 | - | - | - | - | - | - |
| | Number of Options | 31-Mar-24 | - | - | - | - | - | - |
| | Weighted Average Price | 31-Mar-24 | - | - | - | - | - | - |
| Scheme VII | Number of Options | 31-Mar-23 | 282 | - | 282 | - | - | - |
| | Weighted Average Price | 31-Mar-23 | 13.14 | - | 13.15 | - | - | - |
| | Number of Options | 31-Mar-24 | - | - | - | - | - | - |
| | Weighted Average Price | 31-Mar-24 | - | - | - | - | - | - |
| Scheme VIII | Number of Options | 31-Mar-23 | - | - | - | - | - | - |
| | Weighted Average Price | 31-Mar-23 | - | - | - | - | - | - |
| | Number of Options | 31-Mar-24 | - | - | - | - | - | - |
| | Weighted Average Price | 31-Mar-24 | - | - | - | - | - | - |
| Scheme IX | Number of Options | 31-Mar-23 | 231,422 | - | 114,070 | 14,320 | 103,032 | 103,032 |
| | Weighted Average Price | 31-Mar-23 | 27.37 | - | 27.37 | 27.37 | 27.37 | 27.37 |
| | Number of Options | 31-Mar-24 | 103,032 | - | 90,232 | 12,800 | - | - |
| | Weighted Average Price | 31-Mar-24 | 27.37 | - | 27.37 | 27.37 | - | - |
| Scheme X | Number of Options | 31-Mar-23 | - | - | - | - | - | - |
| | Weighted Average Price | 31-Mar-23 | - | - | - | - | - | - |
| | Number of Options | 31-Mar-24 | - | - | 14,000 | 14,000 | - | - |
| | Weighted Average Price | 31-Mar-24 | - | - | 95.68 | 95.68 | - | - |
| Scheme XI | Number of Options | 31-Mar-23 | 1,023,500 | 669,200 | 287,380 | 395,406 | 1,009,914 | 57,114 |
| | Weighted Average Price | 31-Mar-23 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| | Number of Options | 31-Mar-24 | 1,009,914 | 443,400 | 82,510 | 482,034 | 888,770 | 48,734 |
| | Weighted Average Price | 31-Mar-24 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Scheme XII | Number of Options | 31-Mar-23 | - | - | - | - | - | - |
| | Weighted Average Price | 31-Mar-23 | - | - | - | - | - | - |
| | Number of Options | 31-Mar-24 | - | - | - | - | - | - |
| | Weighted Average Price | 31-Mar-24 | - | - | - | - | - | - |
| Scheme XIII | Number of Options | 31-Mar-23 | 6,760,248 | 3,074,562 | 1,993,886 | 1,080,594 | 6,760,330 | 1,070,496 |
| | Weighted Average Price | 31-Mar-23 | 985.76 | 1,629.73 | 1,289.15 | 543.45 | 1,259.85 | 1,154.63 |
| | Number of Options | 31-Mar-24 | 6,760,330 | 3,764,950 | 894,394 | 1,940,838 | 7,690,048 | 861,540 |
| | Weighted Average Price | 31-Mar-24 | 1,259.85 | 3,261.15 | 1,449.31 | 967.64 | 2,286.26 | 1,497.72 |
| Scheme XIV | Number of Options | 31-Mar-23 | - | - | - | - | - | - |
| | Weighted Average Price | 31-Mar-23 | - | - | - | - | - | - |
| | Number of Options | 31-Mar-24 | - | - | - | - | - | - |
| | Weighted Average Price | 31-Mar-24 | - | - | - | - | - | - |
| Total | Number of Options | 31-Mar-23 | 8,824,328 | 3,743,762 | 2,624,246 | 1,638,812 | 8,305,032 | 1,662,398 |
| | Number of Options | 31-Mar-24 | 8,305,032 | 4,208,350 | 1,121,268 | 2,638,558 | 8,753,556 | 944,876 |

The weighted average share price for the period over which stock options were exercised was ₹ 3,013.10 (previous year ₹ 1,977.60).

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

| Scheme | Range of exercise price | As at March 31, 2024 No. of Options outstanding | As at March 31, 2024 Weighted average remaining contractual life* | As at March 31, 2023 No. of Options outstanding | As at March 31, 2023 Weighted average remaining contractual life* |
|---|---|---|---|---|---|
| Scheme I | 1.02 - 4.785 | - | Note (i) | - | Note (i) |
| Scheme II | 6.48 - 24.105 | - | - | - | - |
| Scheme III | 6.48 - 24.105 | 70,470 | Note (i) | 124,002 | Note (i) |
| Scheme IV | 11.115 - 30.56 | 34,200 | 1.31 | 208,400 | 1.73 |
| Scheme V | 11.115 - 22.07 | 70,068 | Note (i) | 99,354 | Note (i) |
| Scheme VI | 11.115 - 15.335 | - | - | - | - |
| Scheme VII | 12.085 - 30.56 | - | - | 282 | 1.73 |
| Scheme VIII | 24.105 - 24.105 | - | - | - | - |
| Scheme IX | 27.37 - 27.37 | 0 | - | 103,032 | 1.25 |
| Scheme X | 78.79 - 139.85 | - | - | - | - |
| Scheme XI | 5 | 888,770 | 3.72 | 1,009,914 | 4.08 |
| Scheme XII | 5 | - | - | - | - |
| Scheme XIII | 221.235 - 3300 | 7,690,048 | 3.80 | 6,760,248 | 3.59 |
| Scheme XIV | 270.41 - 270.41 | - | - | - | - |

Note (i) - No contractual life is defined in the scheme.

* The weighted average contractual life disclosed above has been computed only for the unexpired options.

**d) Effect of the employee share-based payment plans on the statement of profit and loss and on its financial position**

Compensation expense arising from equity-settled employee share-based payment plans for the year ended March 31, 2024 amounted to ₹ 1091.75 million (Previous year ₹ 1360.28 million). The liability for employee stock options outstanding as at March 31, 2024 is ₹ 2,227.72 million (Previous year ₹ 2,222,02 million).

**e) Weighted average exercise prices and weighted average fair values of options**

The Black-Scholes valuation models have been used for computing the weighted average fair value of the stock options granted during the financial year 2023-24:

| Particulars | March 31, 2024 RSU Scheme XI | March 31, 2024 ESOP Scheme XIII | March 31, 2023 RSU Scheme XI | March 31, 2023 ESOP Scheme XIII |
|---|---|---|---|---|
| Weighted average share price (Rs.) | 3108.77 | 3835.9 | 1914.18 | 1839.47 |
| Weighted Exercise Price (Rs.) | 5 | 3335.42 | 5 | 1629.99 |
| Weighted Average Fair Value (Rs.) | 3063.06 | 1341.98 | 1874.56 | 602.25 |
| Expected Volatility | 21.99%-30.69% | 27.44%-31.15% | 26.85%-28.11% | 26.85%-28.11% |
| Life of the options granted ** (Vesting and exercise period) | 3 - 4 yrs | 3 - 4 yrs | 3 - 4 yrs | 3 - 4 yrs |
| Dividend Yield | 44.00 | 44.00 | 39.00 | 39.00 |
| Average risk-free interest rate | 7.12% | 7.16% | 6.98% | 7.06% |

** 1.The expected life of the RSU/ESOP is estimated based on the vesting term and contractual term of the RSU/ESOP, as well as expected exercise behavior of the employee who receives the RSU/ESOP.
2.The fair value of the awards are estimated using the Black-Scholes Model for time and non-market performance based options.

**Note:** The group has done a share split of 1:2, the impact of this has been given to options granted to the employees of the Group ((refer note 18(a)).

The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk-free rate of interest. Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of the Company's publicly traded equity shares and has been modelled based on historical movements in the market prices of the publicly traded equity shares during a larger period after excluding outliers to smoothen the fluctuations .

## 36 Leases

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

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| - Less than one year | 842.62 | 676.77 |
| - One to five years | 1,861.62 | 1,862.25 |
| - More than five years | 58.33 | 57.14 |

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 145.93 million for the year ended March 31, 2024 (Previous year ₹ 147.45 million).

The Group has has recognized interest on lease liabilities of ₹ 180.02 million under finance costs (Previous year ₹ 137.86 million).

The aggregate depreciation on ROU assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss (Refer note 5.6).

*(This space is intentionally left blank)*

**37 Related Party Disclosures**

**(i) Names of related parties and related party relationship**

| **Related parties with whom transactions have taken place** | |
|---|---|
| Key management personnel | Dr. Anand Deshpande, Chairman and Managing Director<br>Mr Sandeep Kalra, Executive Director and Chief Executive Officer<br>Mr. Sunil Sapre, Executive Director and Chief Financial Officer<br>Mr. Amit Atre, Company Secretary<br>Ms. Roshini Bakshi, Independent Director<br>Mr. Pradeep Bhargava, Independent Director, retired wef July 19, 2022<br>Dr. Anant Jhingran, Director, Persistent Systems, Inc., USA, retired w.e.f., November 20, 2022<br>Mr. Thomas Kendra, Independent Director, retired wef July 19, 2022<br>Mr. Deepak Phatak, Independent Director, resigned as an Independent Director of the Company w.e.f., April 2, 2023<br>Mr. Praveen Kadle, Independent Director<br>Ms. Avani Davda, Independent Director<br>Mr. Guy Eiferman, Independent Director<br>Mr. Arvind Goel, Independent Director (Appointed on June 7, 2022)<br>Mr. Ambuj Goel,Independent Director (Appointed on June 7, 2022)<br>Mr. Dan'l Lewin , Independent Director (Appointed on June 10, 2022)<br>Dr. Ajit Ranade (Appointed on June 6, 2022) |
| Relatives of Key management personnel | Mr. Suresh Deshpande<br>(Father of the Chairman and Managing Director)<br>Mrs. Sulabha Suresh Deshpande<br>(Mother of the Chairman and Managing Director)<br>Mrs. Sonali Anand Deshpande<br>(Wife of the Chairman and Managing Director)<br>Dr. Mukund Deshpande<br>(Brother of the Chairman and Managing Director)<br>Mrs. Chitra Buzruk<br>(Sister of the Chairman and Managing Director)<br>Mr. Arul Deshpande<br>(Son of the Chairman and Managing Director)<br>Mrs. Asha Sapre<br>(Wife of the Executive Director and Chief Financial Officer)<br>Mr. Yeshwant Sapre<br>(Father of the Executive Director and Chief Financial Officer)<br>Mr. Aditya Phatak<br>(Son of the Independent Director)<br>Mr. Hemant Bakshi<br>(Husband of the Independent Director) |
| Members of Promoter Group | Rama Purushottam Foundation |
| Entities over which a key management personnel have significant influence | Persistent Foundation |
| Controlled Trust | PSPL ESOP Management Trust |

**37. (ii) Related party transactions**

(In ₹ Million)

| | Name of the related party and nature of relationship | For the year ended | |
|---|---|---|---|
| | | March 31, 2024 | March 31, 2023 |
| **Donation given** | **Entity over which a key management personnel has significant influence** | | |
| | Persistent Foundation | 175.45 | 117.50 |
| | | **175.45** | **117.50** |
| **Remuneration # (Salaries, bonus and contribution to other funds)** | **Key Management Personnel** | | |
| | Dr. Anand Deshpande | 37.68 | 36.40 |
| | Mr. Sunil Sapre* (including value of perquisites for stock options exercised ₹ 143.52 million during the year 2023-24 (Previous year: ₹ 82.77 million) | 163.98 | 102.18 |
| | Mr. Amit Atre (including value of perquisites for stock options exercised ₹ 11.52 million during the year 2023-24 (Previous year: ₹ 4.66 million) | 17.00 | 9.44 |
| | Mr. Sandeep Kalra (including value of perquisites for stock options exercised ₹ 637.7 million during the year (Previous year: ₹486.05 million) | 765.89 | 616.56 |
| | **Independent directors:** | | |
| | Ms. Roshini Bakshi | 6.48 | 4.63 |
| | Mr. Pradeep Bhargava ** | - | 1.55 |
| | Dr. Anant Jhingran ** | - | 2.72 |
| | Mr. Thomas Kendra ** | - | 1.40 |
| | Mr. Praveen Kadle | 6.65 | 5.03 |
| | Mr. Guy Eiferman ** | - | 1.40 |
| | Dr. Deepak Phatak ^ | - | 4.40 |
| | Ms. Avani Davda $ | 6.58 | 4.73 |
| | Mr. Arvind Goel $ | 6.15 | 3.46 |
| | Dr. Ambuj Goyal $ | 6.08 | 3.41 |
| | Mr. Dan'l Lewin $ | 5.65 | 3.23 |
| | Dr. Ajit Ranade ^ | 4.73 | - |
| | **Relatives of Key Management Personnel** | | |
| | Mr. Arul Deshpande | 0.02 | 5.31 |
| | **Total** | **1,026.89** | **805.85** |
| **Dividend paid** | **Key Management Personnel** | | |
| | Dr Anand Deshpande | 1,235.11 | 891.88 |
| | Mr. Sunil Sapre | 3.67 | 2.82 |
| | Mr Sandeep Kalra | 2.69 | 3.42 |
| | Mr. Amit Atre | 0.13 | 0.08 |
| | **Independent directors:** | | |
| | Mr. Pradeep Bhargava | 0.23 | 0.47 |
| | **Relatives of Key Management Personnel** | | |
| | Mr. Suresh Deshpande | 0.03 | 0.07 |
| | Mrs. Chitra Buzruk | 25.35 | 18.31 |
| | Dr. Mukund Deshpande | 21.60 | 11.20 |
| | Mrs. Sonali Anand Deshpande | 6.05 | 4.37 |
| | Mrs. Sulabha Suresh Deshpande | 0.03 | 0.08 |
| | Mr. Arul Deshpande | 0.54 | 0.39 |
| | Mr. Hemant Bakshi | 0.27 | 0.20 |
| | Mr. Aditya Phatak | 1.53 | 1.13 |
| | Ms. Alpana Ajit Ranade | 0.01 | - |
| | **Total** | **1,297.24** | **934.42** |
| **Other payments** | **Key Management Personnel** | | |
| | Sunil Sapre | 0.33 | 0.30 |
| | **Relatives of Key Management Personnel** | | |
| | Asha Sapre | 0.33 | 0.30 |
| | **Total** | **0.66** | **0.60** |

**Letters of comfort**

i. Letters of letters of comfort of USD 24.69 Million: Rs. 2,059.15 Million (March 31, 2023: USD 51.69 Million: Rs. 4,247.37 Million) to bank for loans availed by subsidiary of the Parent Company.

**Notes:**

* Amount of remuneration represents remuneration paid through Persistent Systems Limited only.

^ Dr. Deepak Phatak retired wef April 2, 2023. Dr Ajit Ranade has been appointed wef June 6, 2023.

$ Mr. Arvind Goel and Dr. Ambuj Goyal have been appointed wef June 7, 2022 and Mr. Dan'l Lewin has been appointed wef June 10,2022. Ms. Avani Davda has joined with effect from December 21, 2021.

**Dr Anant Jhingran retired wef November 20, 2022 and Mr. Thomas Kendra and Mr. Guy Eiferman retired wef July 19, 2022. Mr. Pradeep Bhargava, Independent Director, retired wef July 19, 2022.

# The remuneration to the key managerial personnel does not include the provisions made for gratuity, long service awards and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

## 38 Capital and other commitments

| | As at | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| | In ₹ Million | In ₹ Million |
| **Capital commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 396.29 | 186.51 |
| **Other commitments** | | |
| Forward contracts | 21,881.33 | 19,051.50 |

For commitments relating to lease agreements, please refer note 36.

## 39 Auditors' remuneration

| | For the year ended | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| | In ₹ Million | In ₹ Million |
| Audit fee | 13.42 | 11.18 |
| Certifications | 0.50 | 0.20 |
| Reimbursement of expenses | 0.39 | 0.46 |
| | **14.31** | **11.84** |

## 40 Research and development expenditure

The particulars of expenditure incurred on in-house research and development are as follows:

| | For the year ended | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| | In ₹ Million | In ₹ Million |
| Revenue | 282.75 | 147.23 |
| | **282.75** | **147.23** |

## 41 Net dividend remitted in foreign exchange

(In ₹ Million)

| Particulars | No. of non-resident shareholders | | No. of equity shares held on which dividend was due | | For the year ended | |
|---|---|---|---|---|---|---|
| | March 31, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 |
| Interim dividend | 11 | 12 | 0.38 | 0.41 | 12.21 | 11.64 |
| Final dividend | 9 | 5 | 0.39 | 0.40 | 8.55 | 4.39 |

(This space is intentionally left blank)

## 42. Contingent liabilities

(In ₹ Million)

| Sr. No | | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| a) | **Claims against the company not acknowledged as debt*** | | |
| 1 | **Indirect tax matters** | | |
| | (i) In respect to the order passed by the Learned Principal Commissioner of Service Tax, Pune, for Service tax under import of services on reverse charge basis for the Financial Year 2014-15, the Parent Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017.<br>The Parent Company has paid ₹ 165.58 million under protest towards the demand and the same forms part of the GST receivable balance.<br>If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Parent Company will be eligible to claim credit/refund for the amount paid.<br><br>The Hon'ble CESTAT decided and passed the order on January 28,2023 with the direction that the entire show cause notice passed by the Principal Commissioner of Service Tax will now be taken up for fresh adjudication and the judgments noted in the Order of the Hon'ble CESTAT and other submissions, if any, be considered while adjudicating the show cause notice. The Company has filed Appeal against the CESTAT Order with Hon'ble High Court on March 13,2023 | 173.78 | 173.78 |
| | (ii) Other Pending litigations in respect of Indirect taxes. | 7.77 | 8.20 |
| 2 | **Income tax demands disputed in appellate proceedings** | 1,102.72 | 1,023.34 |
| b) | **Letter of Comfort on behalf of Subsidiaries** | | |
| | Letters of comfort on behalf of subsidiary USD 24.69 Million (Previous year : USD 51.69 Million) | 2,059.15 | 4,247.37 |

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

**43 Details of Corporate Social Responsibility expenditure**

**(In ₹ Million)**

| | | March 31, 2024 | March 31, 2023 |
|---|---|---|---|
| a) | Gross amount required to be spent by the Company during the year | 175.45 | 140.99 |
| b) | Amount of Expenditure incurred | | |
| | (i) Construction/acquisition of any asset | - | - |
| | (ii) On purposes other than (i) above | 175.45 | 117.60 |
| c) | Shortfall at the end of year * | - | 23.39 |
| d) | Total of previous year shortfall | - | - |
| e) | Reason for shortfall | - | - |
| f) | Nature of CSR Activity | Donation given to the following entities:<br>a. Persistent Foundation | Donation given to the following entities:<br>a. Persistent Foundation<br>b. Deepastambha Charitable Trust |
| g) | Details of related party transactions | | |
| | Donation given to Persistent Foundation | 175.45 | 117.50 |
| h) | Deails of provision made for liability incurred by entering into a contractual obligation | - | - |

* Set-off availed: The Company spent an excessive amount of INR 55.50 Million in FY 2020-21. In FY 2022-23, the Management has claimed partial set-off against this excessive CSR spend amounting to INR 23.39 Million. The Company continues to have an amount of INR 32.11 Million available in its book for set off till the end of FY 2023-24 as it is the third (last) year from the year of excessive spend.

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**44 Business Combinations**

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

In case of acquistions, the Goodwill is comprised of expected synergy benefit from combining operations and value of assembled work force which do not qualify for separate recognition. Deferred purchase consideration in form of Earnouts is payable upon achievement of revenue and gross margin thresholds as specified in the agreements. The estimated range of outcome of payment of the same is assumed at 90%.

**Business acquisitions**

**MediaAgility India Priviate 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 Parent 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 Parent Company,acquired 100% voting equity interest in MediaAgility Inc., USA and its subsidiaries in the UK, Mexico, and Singapore. This business combination is accounted by applying acquisition method. During the year ended March 31, 2023,the same was accounted on provisional basis availing the exemption under Ind AS 103.

MediaAgility is a global cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner. It provides cloud-native application development and modernization, analytics and AI, cloud engineering, migrations, and managed services to its clients.

During the period, the purchase price allocation was completed. Accordingly, at the acquisition date, the identifiable assets acquired,the liabilities assumed including contingent consideration are recognised at their acquisition date fair values as follows:

**Acquisition-date fair values of total purchase consideration:**

| Particulars | ₹ Million |
|---|---|
| Upfront consideration | 4,449.89 |
| Contingent consideration | 1,168.18 |
| **Total purchase consideration** | **5,618.07** |

**Acquisition-date fair values of assets acquired and liabilities assumed:**

| Particulars | In ₹ Million |
|---|---|
| **Assets** | |
| **Current assets** | |
| Cash & cash equivalents | 842.41 |
| Trade receivables | 1,130.77 |
| Other current assets | 116.96 |
| Other current financial assets | 1.88 |
| Current tax assets (net) | 208.82 |
| **Non-current assets** | |
| Property, plant and equipment | 11.62 |
| Customer relations | 1,548.49 |
| Goodwill | 3,322.19 |
| **Subtotal** | **7,183.14** |
| **Liabilities** | |
| **Current liabilities** | |
| Trade payables | 1,058.40 |
| Other current financial liabilities | 226.64 |
| Other current liabilities | 280.03 |
| **Subtotal** | **1,565.07** |
| | |
| **Net assets taken over** | **5,618.07** |

The goodwill of ₹ 3,322.19 Million (refer note 5.4) comprises the value of expected synergies arising from the acquisition and a customer list, which is not separately recognised. The customer list is non separable therefore, it does not meet the criteria for recognition as an intangible asset under Ind AS 38. Goodwill recognised is not expected to be deductible for income tax purposes.

The fair value of the trade receivables amounts to ₹ 1,130.77 Million. The gross amount of trade receivables is ₹ 1,154.69 Million. However, it is expected that the full contractual amounts can be collected except for ₹ 23.92 Million on account of preacquisition adjustments which will be recovered from the dues of selling shareholders.

Transaction costs of ₹ 56.47 Million and ₹ 118.69 Million have been expensed and are included in other expenses for the year ended March 31, 2022 and March 31, 2023 respectively.

Revenue of ₹ 2,495.99 Million for the year ended March 31, 2024 is included in the financial statements. The profit included for the year ended March 31, 2024 is ₹ 330.47 Million.

**Analysis of cash flows on acquisition:**

| Particulars | In ₹ Million# |
|---|---|
| Transaction costs of the acquisition (included in cash flows from operating activities)* | (175.16) |
| Net cash acquired with the subsidiary (included in cash flows from investing activities) | 842.41 |
| Payment made towards upfront consideration (included in cash flows from investing activities, net of tax) | (3,316.02) |

* Represents the expenditure incurred over the period of time on acquisition.

# Negative amount represents cash outflows

**Contingent consideration**

As part of the purchase agreement with the selling shareholders of Media Agility, a contingent consideration has been agreed. There will be additional cash payments to the selling shareholders of:

a)₹ 678.34 Million(undiscounted), if the Company as a result of the acquisition generates up to USD 39,998 Thousands of target net revenue in a 12-month period after the acquisition date,

b)₹ 678.34 Million(undiscounted), if the Company as a result of the acquisition generates up to USD 54,393 Thousands of target net revenue in a 12-month period after the acquisition date.

As at the acquisition date, the fair value of the contingent consideration was estimated to be ₹ 1,168.18 Million.

**Significant unobservable valuation inputs are provided below:**

| | |
|---|---|
| Assumed probability | 90% |
| Discount rate | 3% |

Significant increase / (decrease) in the probability would result in higher / (lower) fair value of the contingent consideration liability, while significant increase / (decrease) in the discount rate would result in lower / (higher) fair value of the liability.

As at March 31, 2024, the key performance indicators show that it is highly probable that the target will be achieved due to a significant expansion of the business and the synergies realised. The fair value of the contingent consideration measured as at March 31, 2024 reflects this development, amongst other factors and a re-measurement charge has been recognised through profit or loss. A reconciliation of fair value measurement of the contingent consideration liability (Level 3) is provided below:

| Particulars | ₹ Million |
|---|---|
| **Opening balance as at April 01, 2022** | **-** |
| Liability arising on business combination | 1,168.18 |
| Unrealised fair value changes recognised in profit or loss | 33.88 |
| Unrealied foreign exchange reinstatement loss | 88.41 |
| **Closing balance as at March 31, 2023** | **1,290.47** |
| | |
| **Opening balance as at April 01, 2023** | **1,290.47** |
| Unrealised fair value changes recognised in profit or loss | 20.79 |
| Payment during the year | (580.33) |
| Other adjustments | (100.44) |
| Unrealied foreign exchange reinstatement gain | 18.54 |
| **Closing balance as at March 31, 2024** | **649.03** |

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## 45 Ratio Analysis and its elements

| Ratio | Denomination | Numerator | Denominator | March 31, 2024 | March 31, 2023 | % change | Reason for variance (If more than 25%) |
|---|---|---|---|---|---|---|---|
| (a) Current ratio | Number | Current Assets | Current Liabilties | 1.89 | 1.71 | 10.53% | |
| (b) Debt-Equity ratio | % | Debt | Shareholder's Equity | 4.18% | 10.86% | -6.68% | |
| (c) Debt Service Coverage ratio | Number | Earnings available for debt service** | Debt service within a year | 8.49 | 6.51 | 30.41% | Refer note 1 |
| (d) Return on Equity ratio | % | Net Profit after tax | Average Shareholder's Equity | 24.94% | 25.66% | -0.72% | |
| (e) Trade Receivables turnover ratio | Number | Revenue from operations | Average Trade receivables | 5.51 | 5.13 | 7.29% | |
| (f) Trade payables turnover ratio | Number | Cost of professionals and other expenses ± non-cash adjustments | Average Trade payables | 2.73 | 3.23 | -15.62% | |
| (g) Net capital turnover ratio | Number | Revenue from operations | Working capital | 5.07 | 5.82 | -13.03% | |
| (h) Net profit ratio | % | Net Profit after tax | Turnover | 11.13% | 11.03% | 0.10% | |
| (i) Return on Capital employed | % | Profit before interest and tax | Average capital employed | 28.58% | 30.43% | -1.85% | |
| (j) Return on investment | % | Income generated from treasury investments | Average invested funds in treasury investments | 6.86% | 5.28% | 1.60% | |

**Earnings available for debt service = Profit before exceptional items and tax + Finance cost + Depreciation & Amortization - Other income - Lease payments

**Note 1:** The increase in interest rates and incremental borrowings during the year ended March 31, 2024, primarily resulted in higher finance expense.

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

47 Finance costs include interest on lease liability of ₹ 180.02 million under finance costs (Previous year ₹ 137.86 million) and notional interest on amounts due to selling shareholders ₹ 51.05 million (Previous year ₹ 112.76 million).

48 The Group has working capital facilities from banks on the basis of security of trade receivables. The quarterly statements of trade receivables filed by the Group with banks are in complete agreement with the books of accounts.

49 The Group has not advanced / loaned / invested funds to any entities, including foreign entities (Intermediaries), with the understanding that the Intermediary shall directly or indirectly lend or invest in other entities by or on behalf of the Group (Ultimate Beneficiaries). Further, the Group has not provided any guarantee, security to or on behalf of the Ultimate Beneficiaries.

50 The Group has not received funds from any entities, including foreign entities (Funding Parties), with the understanding that the Group shall directly or indirectly, lend or invest in other persons or entities by or on behalf of the Funding Party (Ultimate Beneficiaries). Further, the Group has not provided any guarantee, security on behalf of the Ultimate Beneficiaries.

51 During the year Persistent Systems Germany GMBH ('PSG') (a wholly owned subsidiary of Persistent Systems Limited) has entered into restructuring arrangement and accordingly wholly owned subsidiaries Youperience GMBH and Parx Consulting GmbH are merged into Persistent Systems Germany GMBH with effect from September 01, 2023. Since both the entities are under common control of PSG, it falls under purview of appendix C of Ind-AS 103 accordingly accounting is done under pooling of interest method. This transaction does not have any impact on the consolidation.

52 During the year Persistent Systems Limited, Australia branch has entered into business transfer agreement and accordingly business of the Australia branch has been transfered to Persistent Systems Australia Pty Ltd with effect from October 01, 2023. Since both the entities are under common control of PSL, it falls under purview of appendix C of Ind-AS 103 accordingly accounting is done under pooling of interest method. This transaction does not have any impact on the consolidation.

53 The Board of Directors of the Company at its meeting held on January 20, 2024, approved the Scheme of Merger of Capiot Software Private Limited (Wholly Owned Subsidiary) into Persistent Systems Limited, and accordingly, an application of Merger has been filed with the National Company Law Tribunal, Mumbai (NCLT) on March 22, 2024.

54 The Share Purchase Agreement ('SPA') for the transfer of the 100% shareholding of Persistent Systems UK Limited (subsidiary) from Aepona Group Limited, Ireland (subsidiary) to Persistent Systems Limited was executed on Tuesday, March 19, 2024.

55 During the year ended March 31, 2024, the group has done fair valuation of contingent consideration payable towards acquisition of business to the erstwhile shareholders of Data Glove Incorporated, Software Corporation International & SCI Fusion 360, LLC and Shree Partners. Based of the fair valuation, the liability has been adjusted by ₹ 743.03.

56 The Business Transfer Agreement has been executed for the transfer of the business of the UK Branch of the Company to Persistent Systems UK Limited effective from April 1, 2024. This transaction does not have any impact on the consolidation.

57 The Ministry of Corporate Affairs (MCA) has issued a notification (Companies (Accounts) Amendment Rules, 2021) which is effective from 1st April 2023, states that every company which uses accounting software for maintaining its books of account shall use only the accounting software where there is a feature of recording audit trail of each and every transaction, and further creating an edit log of each change made to books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The Group uses a SaaS based ERP as a primary accounting software for maintaining books of account, which has a feature of recording audit trail edit logs facility and that has been operative throughout the financial year for the transactions recorded in the software impacting books of account at application level.

The database of the accounting software is operated by a third-party software service providerThe 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with ISAE 3402, Assurance Reports on Controls at a Service Organisation) includes suitability of the design and operating effectiveness of controls. However, the availability of audit trail (edit logs) are not covered in the said report.

In our view, the group's ERP being a SaaS based software, the audit trail at the database level is not applicable.

58 In respect of export incentives pertaining to previous periods amounting to ₹ 255.52 million, which have been refunded under protest with interest of ₹ 41.03 million, aggregating to ₹ 296.55 million, the Holding Company had filed an application with Directorate General of Foreign Trade (DGFT). The Parent Company believes that its services were eligible for the export incentives and the dispute is purely an interpretation issue given the highly technical nature. With the intention of avoiding litigation and settling the dispute, the Company had applied before the Settlement Commission for settlement of the case and had offered to forego ₹ 296.55 million. The Parent Company had recognized a provision of ₹ 296.55 million for the quarter ended 31 December 2022, which was presented as an "exceptional item" in the statement of profit and loss for that period. During the quarter, the Settlement Commission has approved the Parent Company's application and has settled the liability of ₹ 296.55 million including interest. As the amount has already been provided for in full by the Company, no further adjustment is necessary in these financial statements.

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

60 Previous year's figures have been regrouped where necessary to conform to current year's classification. The impact of such regrouping is not material to financial statements.

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

SHASHI TADWALKAR Digitally signed by SHASHI TADWALKAR Date: 2024.04.21 21:46:50 +05'30'

**Shashi Tadwalkar**

Partner
Membership No. : 101797

Place : India
Date : April 21, 2024

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

Anand Deshpande (Apr 21, 2024 10:50 EDT)

**Dr. Anand Deshpande**
Chairman and Managing Director
DIN: 00005721

Place : USA
Date : April 21, 2024

Sandeep Kalra (Apr 21, 2024 10:48 EDT)

**Sandeep Kalra**
Executive Director and Chief Executive Officer
DIN: 02506494

Place : USA
Date : April 21, 2024

PRAVEEN PURUSHOTTAM KADLE Digitally signed by PRAVEEN PURUSHOTTAM KADLE Date: 2024.04.21 20:55:21 +05'30'

**Praveen Kadle**

Independent Director
DIN: 00016814

Place : India
Date : April 21, 2024

Sunil Sapre (Apr 21, 2024 10:56 EDT)

**Sunil Sapre**
Executive Director and Chief Financial Officer
DIN: 06475949

Place : USA
Date : April 21, 2024

Amit Atre (Apr 21, 2024 11:02 EDT)

**Amit Atre**
Company Secretary

Membership No. A20507

Place : USA
Date : April 21, 2024

Walker Chandiok &Co LLP

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**Independent Auditor's Report on Condensed Interim Consolidated Financial Statements for the quarter and year ended 31 March 2024**

**To the Board of Directors of Persistent Systems Limited**

**Opinion**

1. We have audited the accompanying condensed interim consolidated financial statements of **Persistent Systems Limited** ('the Holding Company'), its subsidiaries and its controlled trust (the Holding Company, its subsidiaries and its controlled trust together referred to as 'the Group'), as listed in Annexure 1, which comprise the Condensed Interim Consolidated Balance Sheet as at 31 March 2024, the Condensed Interim Consolidated Statement of Profit and Loss (including Other Comprehensive Income) for the quarter and year then ended, the Condensed Consolidated Statement of Cash Flows and the Condensed Consolidated Statement of Changes in Equity for the year then ended, and notes to the Condensed interim consolidated financial statements including material accounting policy information and other explanatory information (together hereinafter referred to as 'Condensed Interim Consolidated Financial Statements').

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate condensed interim financial statements of the subsidiaries and controlled trust, the aforesaid condensed interim consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in accordance with Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34') specified under Section 133 of the Companies Act 2013 ("Act") read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2024, and its consolidated profit (including other comprehensive income) for the quarter and year then ended, consolidated cash flows and the consolidated changes in equity for the year ended on that date.

**Basis for Opinion**

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

**Other Matter**

11. We did not audit the condensed interim financial statements of 29 subsidiaries and 1 controlled trust, whose condensed interim financial statements reflect total assets of ₹ 12,394.89 million and net assets of ₹ 3,087.23 million as at 31 March 2024, total revenues of ₹ 1,952.39 million and ₹ 7,763.11 million for quarter and year ended on that date and net cash inflows amounting to ₹ 755.72 million for the year ended 31 March 2024, as considered in the condensed interim consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the condensed interim consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and controlled trust, is based solely on the reports of the other auditors.

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

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

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2024.04.21 21:39:20 +05'30'

**Shashi Tadwalkar**
Partner
Membership No.: 101797

**UDIN:** 24101797BKCPBH5690

**Place:** Pune
**Date:** 21 April 2024

**Persistent Systems Limited**
**Independent Auditor's Report on Condensed Interim Consolidated Financial Statements for the quarter and year ended 31 March 2024**

**Annexure 1**

List of entities included in the report

| Sr. no. | Name of entity | Relationship |
|---|---|---|
| 1 | Persistent Systems Limited (PSL) | Holding Company |
| 2 | Persistent Systems, Inc. (PSI) | Wholly owned subsidiary of PSL |
| 3 | Persistent Systems Pte Ltd. | Wholly owned subsidiary of PSL |
| 4 | Persistent Systems France SAS | Wholly owned subsidiary of PSL |
| 5 | Persistent Systems Malaysia Sdn. Bhd. | Wholly owned subsidiary of PSL |
| 6 | Persistent Systems Germany GmbH (PSGG) | Wholly owned subsidiary of PSL |
| 7 | Persistent Telecom Solutions Inc. | Wholly owned subsidiary of PSI |
| 8 | Aepona Group Limited (AGL) | Wholly owned subsidiary of PSI |
| 9 | Persistent Systems UK ltd. (Formerly known as Aepona Limited, UK) (formerly Wholly owned subsidiary of AGL) | Wholly owned subsidiary of PSL |
| 10 | Youperience GmbH (YGmbH) (Merged w.e.f. 21 August 2023) | Wholly owned subsidiary of PSGG |
| 11 | Youperience Limited (Dissolved w.e.f. 27 June 2023) | Wholly owned subsidiary of YGmbH |
| 12 | Persistent Systems Lanka (Private) Limited | Wholly owned subsidiary of AGL |
| 13 | Persistent Systems Mexico, S.A. de C.V. | Wholly owned subsidiary of PSI |
| 14 | Persistent Systems Israel Ltd. | Wholly owned subsidiary of PSI |
| 15 | Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) | Wholly owned subsidiary of PSGG |
| 16 | PARX Consulting GmbH (Merged w.e.f. 25 August 2023) | Wholly owned subsidiary of Persistent Systems Switzerland AG |
| 17 | CAPIOT Software Private Limited | Wholly owned subsidiary of PSL |
| 18 | CAPIOT Software Inc. (CAPIOT US) (Dissolved w.e.f. 29 December 2023) | Wholly owned subsidiary of PSI |
| 19 | Persistent Systems Australia Pty Ltd (Formerly known as CAPIOT Software Pty Ltd) | Wholly owned subsidiary of CAPIOT US |
| 20 | CAPIOT Software Pte Limited (Dissolved w.e.f. 06 April 2023) | Wholly owned subsidiary of CAPIOT US |
| 21 | Persistent Systems S.R.L. Italy (Dissolved w.e.f.26 February 2024) | Wholly owned subsidiary of PSI |
| 22 | Software Corporation International | Wholly owned subsidiary of PSI |
| 23 | SCI Fusion360 LLC (Dissolved w.e.f. 31 May 2023) | Wholly owned subsidiary of PSI |
| 24 | Persistent Systems Costa Rica Limitada (Formerly known as "Data Glove IT Solutions Limitada") | Wholly owned subsidiary of PSGG |
| 25 | Persistent Systems S.R.L. Romania | Wholly owned subsidiary of PSGG |
| 26 | MediaAgility Inc.(MAI) | Wholly owned subsidiary of PSI |

| Sr. no. | Name of entity | Relationship |
|---|---|---|
| 27 | MediaAgility Pte. Ltd. | Wholly owned subsidiary of MAI |
| 28 | MediaAgility UK Ltd. | Wholly owned subsidiary of MAI |
| 29 | Digitalagility S de RL de CV | Wholly owned subsidiary of MAI |
| 30 | MediaAgility India Private Limited | Wholly owned subsidiary of PSL |
| 31 | PSPL ESOP Management Trust | Controlled ESOP Trust |
| 32 | Persistent Systems Poland spolkaz.o.o (Formed w.e.f. April 05,2023) | Wholly owned subsidiary of PSI |

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2024**

| | Notes | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5.1 | 4,420.03 | 4,859.95 |
| Capital work-in-progress | | 335.26 | 161.38 |
| Right of use assets | 5.2 | 2,307.18 | 2,198.21 |
| Goodwill | 5.3 | 10,912.56 | 7,183.71 |
| Other Intangible assets | 5.4 | 4,574.95 | 9,171.42 |
| | | **22,549.98** | **23,574.67** |
| Financial assets | | | |
| - Trade receivables | 12 | 730.18 | 709.45 |
| - Investments | 6 | 5,539.14 | 4,516.00 |
| - Loans | 7 | - | - |
| - Other financial assets | 8 | 525.31 | 919.60 |
| Deferred tax assets (net) | 9 | 1,359.64 | 1,133.97 |
| Income tax assets (net) | | 387.05 | 451.71 |
| Other non-current assets | 10 | 1,413.03 | 959.29 |
| | | **32,504.33** | **32,264.69** |
| **Current assets** | | | |
| Financial assets | | | |
| - Investments | 11 | 2,726.54 | 1,879.66 |
| - Trade receivables | 12 | 16,761.13 | 15,253.22 |
| - Cash and cash equivalents | 13 | 6,625.15 | 4,670.12 |
| - Bank balances other than cash and cash equivalents | 14 | 3,603.71 | 4,362.68 |
| - Loans | 15 | - | - |
| - Other financial assets | 16 | 6,621.83 | 4,882.17 |
| Other current assets | 17 | 4,893.49 | 3,418.26 |
| | | **41,231.85** | **34,466.11** |
| **TOTAL** | | **73,736.18** | **66,730.80** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Equity share capital | 18(a) | 770.25 | 764.25 |
| Other equity | 18(b) | 48,806.82 | 38,886.53 |
| | | **49,577.07** | **39,650.78** |
| **LIABILITIES** | | | |
| **Non- current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 19 | 99.15 | 2,057.59 |
| - Lease liabilities | 20 | 1,608.09 | 1,592.20 |
| - Other financial liabilities | 23 | - | 2,888.92 |
| Other non-current liabilities | 24 | 44.44 | 34.83 |
| Deferred tax liabilities (net) | 9 | 18.76 | 4.68 |
| Provisions | 21 | 546.96 | 373.03 |
| | | **2,317.40** | **6,951.25** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 19 | 1,974.04 | 2,249.36 |
| - Lease liabilities | 20 | 830.01 | 676.39 |
| - Trade payables | 22 | | |
| - Total outstanding dues of micro and small enterprises | | 49.63 | 34.04 |
| - Total outstanding dues of creditors other than micro and small enterprises | | 8,088.99 | 5,655.04 |
| - Other financial liabilities | 23 | 3,718.27 | 3,922.85 |
| Other current liabilities | 24 | 3,302.82 | 2,647.71 |
| Provisions | 25 | 3,330.66 | 4,649.24 |
| Income tax liabilities (net) | | 547.29 | 294.14 |
| | | **21,841.71** | **20,128.77** |
| **TOTAL** | | **73,736.18** | **66,730.80** |
| Summary of material accounting policies | 4 | | |

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

As per our report of even date

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

SHASHI TADWALKAR Digitally signed by SHASHI TADWALKAR Date: 2024.04.21 21:39:46 +05'30'

**Shashi Tadwalkar**
Partner

Membership No. : 101797

Place : India
Date : April 21, 2024

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

Anand Deshpande (Apr 21, 2024 10:37 EDT)

**Dr. Anand Deshpande**
Chairman and Managing Director

DIN: 00005721

Place : USA
Date : April 21, 2024

Sandeep Kalra
Sandeep Kalra (Apr 21, 2024 10:37 EDT)

**Sandeep Kalra**
Executive Director and Chief Executive Officer

DIN: 02506494

Place : USA
Date : April 21, 2024

PRAVEEN PURUSHOTTAM KADLE Digitally signed by PRAVEEN PURUSHOTTAM KADLE Date: 2024.04.21 20:26:35 +05'30'

**Praveen Kadle**
Independent Director

DIN: 00016814

Place : India
Date : April 21, 2024

Sunil Sapre
Sunil Sapre (Apr 21, 2024 10:41 EDT)

**Sunil Sapre**
Executive Director and Chief Financial Officer

DIN: 06475949

Place : USA
Date : April 21, 2024

Amit Atre
Amit Atre (Apr 21, 2024 10:39 EDT)

**Amit Atre**
Company Secretary

Membership No. A20507

Place : USA
Date : April 21, 2024

**Persistent Systems Limited**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2024

| | Notes | For the quarter ended | | For the year ended | |
|---|---|---|---|---|---|
| | | March 31, 2024<br>In ₹ Million | March 31, 2023<br>In ₹ Million | March 31, 2024<br>In ₹ Million | March 31, 2023<br>In ₹ Million |
| **Income** | | | | | |
| Revenue from operations | 26 | 25,905.26 | 22,544.72 | 98,215.87 | 83,505.92 |
| Other income | 27 | 307.83 | 88.27 | 1,280.20 | 706.17 |
| **Total income (A)** | | **26,213.09** | **22,632.99** | **99,496.07** | **84,212.09** |
| **Expenses** | | | | | |
| Employee benefits expense | 28.1 | 15,290.06 | 13,463.57 | 59,609.70 | 49,695.65 |
| Cost of professionals | 28.2 | 3,645.51 | 2,323.26 | 11,492.70 | 10,426.01 |
| Finance costs | | 97.35 | 148.31 | 467.27 | 473.40 |
| Depreciation and amortisation expense | 5.5 | 799.17 | 697.25 | 3,093.73 | 2,718.95 |
| Other expenses | 29 | 2,426.08 | 2,594.75 | 10,356.61 | 8,193.01 |
| **Total expenses (B)** | | **22,258.17** | **19,227.14** | **85,020.01** | **71,507.02** |
| **Profit before exceptional item and tax (A - B)** | | **3,954.92** | **3,405.85** | **14,476.06** | **12,705.07** |
| **Exceptional item** | | | | | |
| Provision for export incentives | | - | - | - | 296.55 |
| **Profit before tax** | | **3,954.92** | **3,405.85** | **14,476.06** | **12,408.52** |
| **Tax expense** | | | | | |
| Current tax | | 764.52 | 993.44 | 3,679.65 | 3,115.31 |
| Tax (credit) / charge in respect of earlier period / year | | (6.73) | (15.42) | 73.19 | (3.54) |
| Deferred tax charge / (credit) | | 43.92 | (87.30) | (211.69) | 85.82 |
| **Total tax expense** | | **801.71** | **890.72** | **3,541.15** | **3,197.59** |
| **Net profit for the period / year (C)** | | **3,153.21** | **2,515.13** | **10,934.91** | **9,210.93** |
| **Other comprehensive income** | | | | | |
| **Items that will not be reclassified to profit or loss (D)** | | | | | |
| - Remeasurements of the defined benefit liabilities / asset | | (64.23) | (16.37) | (98.29) | (17.69) |
| - Income tax effect on above | | 15.63 | 4.23 | 21.29 | 5.31 |
| | | **(48.60)** | **(12.14)** | **(77.00)** | **(12.38)** |
| **Items that will be reclassified to profit or loss (E)** | | | | | |
| - Effective portion of cash flow hedge | | (11.27) | 287.75 | 21.59 | (63.55) |
| - Income tax effect on above | | 14.84 | (72.42) | 8.02 | 15.99 |
| - Exchange differences in translating the financial statements of foreign operations | | (25.17) | 140.26 | 104.82 | 798.19 |
| | | **(21.60)** | **355.59** | **134.43** | **750.63** |
| **Total other comprehensive income for the period / year (D) + (E)** | | **(70.20)** | **343.45** | **57.43** | **738.25** |
| **Total comprehensive income for the period / year (C) + (D) + (E)** | | **3,083.01** | **2,858.58** | **10,992.34** | **9,949.18** |
| **Earnings per equity share**<br>**[Nominal value of share ₹5 (Corresponding period / Previous year: ₹5)]** | 30 | | | | |
| Basic (In ₹) | | 20.73 | 16.83 | 72.44 | 61.87 |
| Diluted (In ₹) | | 20.48 | 16.45 | 71.07 | 60.26 |
| Summary of material accounting policies | 4 | | | | |

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

As per our report of even date

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

SHASHI TADWALKAR Digitally signed by SHASHI TADWALKAR Date: 2024.04.21 21:40:07 +05'30'

**Shashi Tadwalkar**
Partner
Membership No. : 101797
Place : India
Date : April 21, 2024

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

Anand Deshpande
Anand Deshpande (Apr 21, 2024 10:37 EDT)
**Dr. Anand Deshpande**
Chairman and Managing Director
DIN: 00005721
Place : USA
Date : April 21, 2024

Sandeep Kalra
Sandeep Kalra (Apr 21, 2024 10:37 EDT)
**Sandeep Kalra**
Executive Director and Chief Executive Officer
DIN: 02506494
Place : USA
Date : April 21, 2024

PRAVEEN PURUSHOTTAM KADLE Digitally signed by PRAVEEN PURUSHOTTAM KADLE Date: 2024.04.21 20:27:10 +05'30'
**Praveen Kadle**
Independent Director
DIN: 00016814
Place : India
Date : April 21, 2024

Sunil Sapre
Sunil Sapre (Apr 21, 2024 10:41 EDT)
**Sunil Sapre**
Executive Director and Chief Financial Officer
DIN: 06475949
Place : USA
Date : April 21, 2024

Amit Atre
Amit Atre (Apr 21, 2024 10:39 EDT)
**Amit Atre**
Company Secretary
Membership No. A20507
Place : USA
Date : April 21, 2024

## Persistent Systems Limited

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024**

| | | For the year ended | |
|---|---|---|---|
| | | **March 31, 2024 In ₹ Million** | **March 31, 2023 In ₹ Million** |
| **Cash flow from operating activities** | | | |
| **Profit before tax** | | **14,476.06** | **12,408.52** |
| Adjustments for: | | | |
| Interest income | | (562.45) | (512.63) |
| Finance costs | | 467.27 | 473.40 |
| Depreciation and amortisation expense | | 3,093.73 | 2,718.95 |
| Unrealised exchange loss (net) | | 27.27 | 190.68 |
| Change in foreign currency translation reserve | | 172.65 | 491.89 |
| Exchange (gain) / loss on derivative contracts | | (70.63) | 88.69 |
| Exchange (gain) on translation of foreign currency cash and cash equivalents | | (23.84) | (10.54) |
| Bad debts | | 63.36 | 82.33 |
| Allowance for expected credit loss (net) | | 103.57 | 3.03 |
| Employee stock compensation expenses | | 1,091.75 | 1,357.14 |
| Loss / Impairment of non-current investments | | 20.58 | - |
| Changes in contingent consideration payable on business combination | | (743.03) | - |
| Remeasurements of the defined benefit liabilities / asset (before tax effects) | | (98.29) | (17.69) |
| Excess provision in respect of earlier year written back | | (27.76) | (32.44) |
| Profit on sale / fair valuation of financial assets designated as FVTPL | | (289.11) | (196.52) |
| Profit on sale of Property, plant and equipment (net) | | (22.64) | (1.69) |
| Provision for export incentives | | - | 296.55 |
| **Operating profit before working capital changes** | | **17,678.49** | **17,339.67** |
| **Movements in working capital :** | | | |
| Decrease in non-current and current loans | | - | 1.83 |
| (Increase) / Decrease in other non-current assets | | (256.22) | 435.75 |
| Increase in other financial assets | | (1,751.22) | (1,541.68) |
| Increase in other current assets | | (1,475.23) | (1,233.36) |
| Increase in trade receivables | | (1,810.64) | (5,554.83) |
| Increase in trade payables, current liabilities and non-current liabilities | | 4,386.28 | 2,687.81 |
| (Decrease) / Increase in provisions | | (1,144.65) | 827.07 |
| **Operating profit after working capital changes** | | **15,626.81** | **12,962.26** |
| Direct taxes paid (net of refunds) | | (3,413.74) | (3,404.64) |
| **Net cash generated from operating activities** | **(A)** | **12,213.07** | **9,557.62** |
| | | | |
| **Cash flows from investing activities** | | | |
| Payment towards capital expenditure (including intangible assets, capital advances and capital creditors) | | (2,839.16) | (4,332.99) |
| Proceeds from sale of property, plant and equipment | | 48.65 | 11.98 |
| Acquisition of step-down subsidiaries | | - | (4,310.57) |
| Payment towards contingent consideration | | (2,073.64) | - |
| Purchase of bonds | | (0.70) | (237.41) |
| Proceeds from sale / maturity of bonds | | 80.70 | 31.49 |
| Investments in mutual funds | | (50,723.06) | (37,285.09) |
| Proceeds from sale / maturity of mutual funds | | 49,042.09 | 40,054.82 |
| Proceeds from maturity of bank deposits having original maturity over three months | | 773.06 | 1,715.51 |
| Proceeds from maturity of / (Investments) in deposits with financial institutions | | 400.00 | (400.00) |
| Interest received | | 597.38 | 539.16 |
| **Net cash used in investing activities** | **(B)** | **(4,694.68)** | **(4,213.10)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Repayment of long term borrowings in Indian rupee | | (1.84) | (1.86) |
| Proceeds from issuance of share capital | | 1,607.80 | - |
| Repayment of foreign currency long term borrowings | | (2,231.88) | (38.37) |
| Payment of principal portion of lease liabilities | | (760.18) | (545.22) |
| Payment of interest portion of lease liabilities | | (180.02) | (137.86) |
| Interest paid | | (287.29) | (335.56) |
| Dividends paid | | (4,083.62) | (2,980.58) |
| **Net cash used in financing activities** | **(C )** | **(5,937.03)** | **(4,039.45)** |

**Persistent Systems Limited**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024**

| | For the year ended March 31, 2024 In ₹ Million | March 31, 2023 In ₹ Million |
|---|---|---|
| Net increase in cash and cash equivalents (A + B + C) | 1,581.36 | 1,305.07 |
| Cash and cash equivalents at the beginning of the year | 4,670.12 | 2,977.99 |
| Cash and cash equivalents acquired on acquisition | - | 642.81 |
| Effect of exchange difference on translation of foreign currency cash and cash equivalents | 23.84 | 10.54 |
| Impact of ESOP Trust consolidation | 349.83 | (266.29) |
| **Cash and cash equivalents at the end of the year** | **6,625.15** | **4,670.12** |
| | | |
| **Components of cash and cash equivalents** | | |
| Cash on hand (refer note 13) | 0.11 | 0.25 |
| Balances with banks | | |
| On current accounts # (refer note 13) | 4,819.66 | 3,303.76 |
| On saving accounts (refer note 13) | 23.48 | 33.21 |
| On exchange earner's foreign currency accounts (refer note 13) | 1,401.87 | 638.90 |
| On deposit accounts with original maturity less than three months (refer note 13) | 380.03 | 279.68 |
| On other accounts (refer note 13) | - | 414.32 |
| **Cash and cash equivalents** | **6,625.15** | **4,670.12** |

# Of the cash and cash equivalent balance as at March 31, 2024, the Company can utilise ₹ 65.10 million (Previous year: ₹ 125.39 million) only towards certain predefined activities specified in the government grant agreement.

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 material accounting policies - refer note 4

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

As per our report of even date

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

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2024.04.21 21:40:29 +05'30'

**Shashi Tadwalkar**
Partner

Membership No. : 101797

Place : India
Date : April 21, 2024

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

Anand Deshpande
Anand Deshpande (Apr 21, 2024 10:37 EDT)

**Dr. Anand Deshpande**
Chairman and Managing Director
DIN: 00005721
Place : USA
Date : April 21, 2024

Sandeep Kalra
Sandeep Kalra (Apr 21, 2024 10:37 EDT)

**Sandeep Kalra**
Executive Director and Chief Executive Officer
DIN: 02506494
Place : USA
Date : April 21, 2024

PRAVEEN PURUSHOTTAM KADLE
Digitally signed by PRAVEEN PURUSHOTTAM KADLE
Date: 2024.04.21 20:27:34 +05'30'

**Praveen Kadle**
Independent Director
DIN: 00016814
Place : India
Date : April 21, 2024

Sunil Sapre
Sunil Sapre (Apr 21, 2024 10:41 EDT)

**Sunil Sapre**
Executive Director and Chief Financial Officer
DIN: 06475949
Place : USA
Date : April 21, 2024

Amit Atre
Amit Atre (Apr 21, 2024 10:39 EDT)

**Amit Atre**
Company Secretary
Membership No. A20507
Place : USA
Date : April 21, 2024

# Persistent Systems Limited

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024**

**A. Share capital**
(refer note 18(a))

**(In ₹ Million)**

| Balance as at April 1, 2023 | Changes in equity share capital during the year | Balance as at March 31, 2024 |
|---|---|---|
| | | |
| 764.25 | 6.00 | 770.25 |

**(In ₹ Million)**

| Balance as at April 1, 2022 | Changes in equity share capital during the year | Balance as at March 31, 2023 |
|---|---|---|
| | | |
| 764.25 | - | 764.25 |

*(This space is intentionally left blank)*

**Persistent Systems Limited**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024**

**B. Other equity**

(In ₹ Million)

| Particulars | Reserves and surplus | | | | | | | | Items of other comprehensive income | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Securities premium | General reserve | Share options outstanding reserve | Gain on bargain purchase | Capital redemption reserve | Retained earnings | Treasury shares | PSL ESOP Trust reserve | Effective portion of cash flow hedges | Exchange differences on translating the financial statements of foreign operations | |
| **Balance as at April 1, 2023** | - | 20,824.45 | 2,222.02 | 62.67 | 35.75 | 16,607.36 | (2,435.67) | 70.31 | (5.76) | 1,505.40 | 38,886.53 |
| Addition during the year | 1,601.80 | - | - | - | - | - | - | - | - | - | 1,601.80 |
| Profit for the year | - | - | - | - | - | 10,934.91 | - | - | - | - | 10,934.91 |
| Items recognised in / from other comprehensive income for the year | - | - | - | - | - | (98.29) | - | - | 29.61 | 104.82 | 36.14 |
| Income tax effect on above | - | - | - | - | - | 21.29 | - | - | - | - | 21.29 |
| Dividend | - | - | - | - | - | (4,153.95) | - | - | - | - | (4,153.95) |
| Dividend Paid to ESOP trust | - | - | - | - | - | - | - | 70.33 | - | - | 70.33 |
| Transfer to general reserve | - | 3,965.23 | - | - | - | (3,965.23) | - | - | - | - | - |
| Employee stock compensation expenses | - | - | 1,091.75 | - | - | - | - | - | - | - | 1,091.75 |
| Adjustments towards employees stock options | - | 1,087.56 | (1,087.56) | - | - | - | - | - | - | - | - |
| Other changes during the year | - | (34.25) | 1.50 | 0.94 | - | - | - | - | - | - | (31.81) |
| Shares held by ESOP trust | - | - | - | - | - | - | 349.83 | - | - | - | 349.83 |
| **Balance at March 31, 2024** | **1,601.80** | **25,842.99** | **2,227.71** | **63.61** | **35.75** | **19,346.09** | **(2,085.84)** | **140.64** | **23.85** | **1,610.22** | **48,806.82** |

(In ₹ Million)

| Particulars | Reserves and surplus | | | | | | | Items of other comprehensive income | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | General reserve | Share options outstanding reserve | Gain on bargain purchase | Capital redemption reserve | Retained earnings | Treasury shares | PSL ESOP Trust reserve | Effective portion of cash flow hedges | Exchange differences on translating the financial statements of foreign operations | |
| **Balance as at April 1, 2022** | 17,376.65 | 1,144.84 | 57.80 | 35.75 | 13,553.90 | - | - | 41.80 | 707.21 | 32,917.95 |
| Profit for the year | - | - | - | - | 9,210.93 | - | - | - | - | 9,210.93 |
| Items recognised in / from other comprehensive income for the year | - | - | - | - | (17.69) | - | - | (47.56) | 798.19 | 732.94 |
| Income tax effect on above | - | - | - | - | 5.31 | - | - | - | - | 5.31 |
| Dividend | - | - | - | - | (2,980.58) | - | - | - | - | (2,980.58) |
| Dividend Paid to ESOP trust | - | - | - | - | - | - | 70.31 | - | - | 70.31 |
| Shares held by ESOP trust | - | - | - | - | - | (2,435.67) | - | - | - | (2,435.67) |
| Transfer to general reserve | 3,164.51 | - | - | - | (3,164.51) | - | - | - | - | - |
| Adjustments towards employees stock options | 283.10 | (283.10) | - | - | - | - | - | - | - | - |
| Employee stock compensation expenses | - | 1,357.14 | - | - | - | - | - | - | - | 1,357.14 |
| Other changes during the year | 0.19 | 3.14 | 4.87 | - | - | - | - | - | - | 8.20 |
| **Balance at March 31, 2023** | **20,824.45** | **2,222.02** | **62.67** | **35.75** | **16,607.36** | **(2,435.67)** | **70.31** | **(5.76)** | **1,505.40** | **38,886.53** |

Summary of material accounting policies - refer note 4

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

As per our report of even date

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

SHASHI TADWALKAR Digitally signed by SHASHI TADWALKAR Date: 2024.04.21 21:38:53 +05'30'

**Shashi Tadwalkar**
Partner

Membership No. : 101797
Place : India
Date : April 21, 2024

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

Anand Deshpande (Apr 21, 2024 10:37 EDT)
**Dr. Anand Deshpande**
Chairman and
Managing Director

DIN: 00005721
Place : USA
Date : April 21, 2024

Sandeep Kalra
Sandeep Kalra (Apr 21, 2024 10:37 EDT)
**Sandeep Kalra**
Executive Director and
Chief Executive Officer

DIN: 02506494
Place : USA
Date : April 21, 2024

PRAVEEN PURUSHOTTA M KADLE Digitally signed by PRAVEEN PURUSHOTTAM KADLE Date: 2024.04.21 20:28:10 +05'30'
**Praveen Kadle**
Independent Director

DIN: 00016814
Place : India
Date : April 21, 2024

Sunil Sapre
Sunil Sapre (Apr 21, 2024 10:41 EDT)
**Sunil Sapre**
Executive Director and
Chief Financial Officer

DIN: 06475949
Place : USA
Date : April 21, 2024

Amit Atre
Amit Atre (Apr 21, 2024 10:39 EDT)
**Amit Atre**
Company Secretary

Membership No. A20507
Place : USA
Date : April 21, 2024

**Nature and purpose of reserves**

**a) General reserve**
The general reserve is a free reserve created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of other comprehensive income ("OCI"). The same can be utilized in accordance with the provisions of the Companies Act, 2013.

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

**c) Gain on bargain purchase**
The excess of the Group's portion of equity of the acquired company over its cost is treated as gain on bargain purchase in the financial statements.

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

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

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

**g) PSPL ESOP Trust reserve and Treasury shares**
The Group has formed PSPL ESOP Management Trust ("PSPL ESOP Trust") for implementation of the schemes that are notified or may be notified from time to time under the plans providing share based payment to its employees.

PSPL ESOP Trust is a controlled entity of the Group and shares held by PSPL ESOP Trust are treated as treasury shares. Profit / (Loss) on sale of treasury shares and dividend earned on the same by PSPL ESOP Trust is recognised in PSPL ESOP Trust reserve.

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

**i) Retained earnings**
Retained earnings represent the amount of accumulated earnings of the Group which includes remeasurements of the defined benefit liabilities / asset.

## 1 Nature of operations

Persistent Systems Limited ("the Parent Company" or "PSL") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 ("the Act"). The shares of PSL are listed on Bombay Stock Exchange and National Stock Exchange. PSL is a global company specializing in software products, services and technology innovation. PSL together with its subsidiaries and controlled trust, is hereinafter referred to as 'the Group'. The Group offers complete product life cycle services.

The Board of Directors approved the consolidated financial statements for the quarter and year ended March 31, 2024 and authorised for issue on April 21, 2024.

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

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

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

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

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

Aepona Group Limited, an Ireland based wholly owned subsidiary of Persistent Systems, Inc. operates as the holding Company of Persistent Systems UK Ltd., is engaged in software development and related services.

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

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

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

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

Persistent Systems Germany GmbH (wholly owned subsidiary of PSL) operates as the holding Company of Persistent Systems Switzerland AG, Persistent Systems Costa Rica Limitada (formerly known as Data Glove IT Solutions Limitada) and Persistent Systems S.r.l., Romania. Youperience GmbH has been merged with Persistent Systems Germany GmbH w.e.f. August 21, 2023.

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

PARX Consulting GmbH (a Germany based wholly owned subsidiary of Persistent Systems Switzerland AG) has been merged with Persistent Systems Germany GmbH w.e.f. August 25, 2023.

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

Youperience GmbH (a Germany based wholly owned subsidiary of Persistent Systems Germany GmbH) has been merged with Persistent Systems Germany GmbH w.e.f. August 21, 2023.

Youperience Limited (a United Kingdom based wholly owned subsidiary of Youperience GmbH) has been dissolved w.e.f. June 27, 2023.

Persistent Systems S.R.L. Romania is incorporated on June 17, 2022 and a wholly owned subsidiary of Persistent Systems Germany GmbH is engaged in software development and services.

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

CAPIOT Software Inc (a US based wholly owned subsidiary of Persistent Systems Inc) has been dissolved w.e.f. December 29, 2023.

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

CAPIOT Software Pte Limited (a Singapore based wholly owned subsidiary of CAPIOT Software Inc) has been dissolved w.e.f. April 6, 2023 and the same has not been considered for the purpose of consolidation.

Persistent Systems SRL(a Italy based wholly owned subsidiary of Persistent Systems Inc.) has been dissolved w.e.f. February 26, 2024.

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

SCI Fusion360 LLC (a US based wholly owned subsidiary of Persistent Systems Inc) has been dissolved w.e.f May 31, 2023.

MediaAgility India Private Limited (an India based wholly owned subsidiary of PSL) (acquired with effect from April 29, 2022) is engaged in cloud-native application development and modernization, analytics and AI, cloud engineering, migrations, and managed services.

MediaAgility Inc (a US based wholly owned subsidiary of Persistent Systems Inc) (acquired with effect from May 4, 2022) is cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner.

MediaAgility UK Limited (a UK based wholly owned subsidiary of Persistent Systems Inc) (acquired with effect from May 4, 2022) is cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner.

DIGITALAGILITY S DE RL DE CV (a Mexico based wholly owned subsidiary of Persistent Systems Inc) (acquired with effect from May 4, 2022) is cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner.

Media Agility Pte Ltd (a Singapore based wholly owned subsidiary of Persistent Systems Inc) (acquired with effect from May 4, 2022) is cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner.

Persistent Systems Poland sp z.o.o. is a subsidiary of Persistent Systems Inc. and is incorporated on April 5, 2023 is engaged in providing software products, services and technology innovation.

The Group has assessed PSPL ESOP Management Trust to be a controlled entity and accordingly the same has been consolidated w.e.f. April 1, 2022 on a prospective basis.

## 2 Basis of preparation

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

These consolidated financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), the provisions of the Companies Act, 2013 (“the Act”) (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.. The functional currency of PSL, its Indian subsidiaries and its controlled trust is ₹ and the functional currencies of other subsidiaries are their respective local currencies. Consolidated financial statements are presented in ₹ Million unless otherwise specified.

## 3 Basis of consolidation

The condensed interim consolidated financial statements of the Parent Company and its subsidiaries (“the Group”) for the year ended March 31, 2024 are prepared in accordance with generally accepted accounting principles applicable in India, and the Indian Accounting Standard 110 (Ind AS 110) on ‘Consolidated Financial Statements’, notified by Companies (Accounting Standards) Rules, 2015, (“Indian Accounting Standards”) by and to the extent possible in the same format as that adopted by the Parent Company for its separate financial statements.

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

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

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

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

The condensed interim consolidated financial statements of the subsidiary companies and controlled trust used in the consolidation are drawn up to the same reporting date as of the Parent Company.

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

| Name of the subsidiary or controlled trust | Ownership Percentage as at | | Country of incorporation |
|---|---|---|---|
| | March 31, 2024 | March 31, 2023 | |
| Persistent Systems, Inc. | 100% | 100% | USA |
| Persistent Systems Pte Ltd. | 100% | 100% | Singapore |
| Persistent Systems France SAS | 100% | 100% | France |
| Persistent Telecom Solutions Inc. | 100% | 100% | USA |
| Persistent Systems Malaysia Sdn. Bhd. | 100% | 100% | Malaysia |
| Aepona Group Limited | 100% | 100% | Ireland |
| Persistent Systems UK Limited (formerly known as Aepona Limited) | 100% | 100% | UK |
| Persistent Systems Lanka (Private) Limited | 100% | 100% | Sri Lanka |
| Persistent Systems Mexico, S.A. de C.V. | 100% | 100% | Mexico |
| Persistent Systems Israel Ltd. | 100% | 100% | Israel |
| Persistent Systems Germany GmbH | 100% | 100% | Germany |
| Persistent Systems Switzerland AG (formerly known as PARX Werk AG) | 100% | 100% | Switzerland |
| PARX Consulting GmbH (Dissolved w.e.f. August 25, 2023) | - | 100% | Germany |
| Youperience GmbH (Dissolved w.e.f. August 21, 2023) | - | 100% | Germany |
| Youperience Limited (Dissolved w.e.f. June 27, 2023) | - | 100% | United Kingdom |
| CAPIOT Software Private Limited (Acquired w.e.f. October 29, 2020) | 100% | 100% | India |
| CAPIOT Software Inc. (Dissolved w.e.f. December 29, 2023) | - | 100% | USA |
| Persistent Systems Australia Pty Ltd (formerly known as CAPIOT Software Pty Ltd) | 100% | 100% | Australia |
| CAPIOT Software Pte Limited (Dissolved w.e.f. April 6, 2023) (Refer note 1) | - | 100% | Singapore |
| Persistent Systems S.R.L. (Dissolved w.e.f. February 26, 2024) | - | 100% | Italy |
| Software Corporation International (Acquired w.e.f October 5, 2021) | 100% | 100% | USA |
| SCI Fusion360 LLC (Dissolved w.e.f. May 31, 2023) | - | 100% | USA |
| Persistent Systems Costa Rica Limitada (formerly known as Data Glove IT Solutions Limitada) | 100% | 100% | Costa Rica |
| MediaAgility India Private Limited (Acquired w.e.f. April 29, 2022) | 100% | 100% | India |
| MediaAgility Inc. (Acquired w.e.f. May 4, 2022) | 100% | 100% | USA |
| DIGITALAGILITY S DE RL DE CV (Acquired w.e.f. May 4, 2022) | 100% | 100% | Mexico |
| MediaAgility UK Limited (Acquired w.e.f. May 4, 2022) | 100% | 100% | UK |
| Media Agility Pte Ltd (Acquired w.e.f. May 4, 2022) | 100% | 100% | Singapore |
| Persistent Systems S.R.L. Romania (Incorporated on Jun 17, 2022) | 100% | 100% | Romania |
| Persistent Systems Poland sp z.o.o. (Incorporated on April 5, 2023) | 100% | - | Poland |
| PSPL ESOP Management Trust | 100% | 100% | India |

**Note 1:** CAPIOT Software Pte Limited has been dissolved w.e.f. April 6, 2023 and the same has not been considered for the purpose of consolidation.

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## 4 Material accounting policy information

### 4.1 Use of estimates and judgements

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

### 4.2 Critical accounting estimates

**a) Revenue recognition**

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

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

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

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

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

The Group 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 Group and the customer at contract inception.

The Group 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.

**b) Income taxes**

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

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

**c) Business combination**

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

**d) Property, plant and equipment**

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

**e) Leases**

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

**f) Provisions and contingent liabilities**

The Group 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 Group uses significant judgements to assess contingent liabilities.

**g) Defined benefits and compensated absences**

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation 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, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**h) Share based payments**

The share based compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

**i) Impairment of assets**

Investments in subsidiaries, goodwill and intangible assets are tested for impairment at least annually 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.

## 4.3 Summary of material accounting policies

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

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

**b) Property, plant and equipment**

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

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

Gains or losses arising from disposal of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the condensed interim consolidated financial statement of profit and loss when the asset is disposed.

**c) Intangible assets**

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

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

*Research and development cost*

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

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

-its intention to complete the asset;

-its ability to use or sell the asset;

-how the asset will generate probable future economic benefits;

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

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

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

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

d) **Depreciation and amortisation**

Depreciation on property, plant and equipment is provided from the date the asset is made avaiable for use using the Straight Line Method ('SLM') over the useful lives of the assets.

The estimated useful lives for the property, plant and equipment are as follows:

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

*For these classes of assets, based on a technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Thus useful lives of these assets are different from useful lives as prescribed under Part C of Schedule II of the Act.

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

Leasehold improvements are amortised 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 amortised 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 and amortisation methods, useful lives and residual values are reviewed periodically.

e) **Borrowing costs**

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

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

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**f) Leases**

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

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

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

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

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

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

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

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

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

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

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

The Group 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 Group 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 Groups 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 groups or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. To estimate cash flow projections covered by the most recent budgets / forecasts, the Group 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 Group operates, or for the market in which the asset is used.

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

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

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.

**h) Financial instruments**

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

**Initial recognition and measurement**

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

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

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

**Subsequent measurement**

**Non-derivative financial instruments**

**Financial assets**

**Financial assets at amortised 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 amortised cost using the effective interest rate method. The change in measurements are recognised as finance income in the condensed interim consolidated financial 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 recognised in OCI.

**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 amortised 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 recognised in the condensed interim consolidated financial statement of profit and loss.

**Cash and cash equivalents**

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

**Financial liabilities**

**Financial liabilities at amortised cost**

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

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

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

Net gains or net losses on items at fair value through profit or loss include interest or dividend income received from these assets.

**Derivative financial instruments**

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

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

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

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

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

Derivatives which do not qualify for hedge accounting are accounted as FVTPL.

**Derecognition**

The Group derecognises 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 derecognised from the Group'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 condensed interim consolidated financial statement of profit and loss, except in case of equity instruments classified as FVOCI, where such cumulative gain or loss is not recycled to condensed interim consolidated financial statement of profit and loss.

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

**Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it 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 Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices, dealer quotes.

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

All methods of assessing fair value result in general approximation of value, and such value may never actually be realised. For financial assets and liabilities maturing within one year from the balance sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

**Impairment of financial assets**

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

For trade receivables, the Group recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

i) **Revenue recognition**

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognised upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Group 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 Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Group 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 Group estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services. The Group's contracts may include variable consideration including rebates, volume discounts and penalties. The Group 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 recognised will not occur when the uncertainty associated with the variable consideration is resolved.

**Income from software services and products**

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

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

Revenue on time-and-material contracts are recognised as and when the related services are performed. Revenue from fixed-price contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised 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 recognised at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognised 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 recognised proportionately over the period in which the services are rendered.

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

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

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

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

**Interest**

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

**Dividend**

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

**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 recognised when there are billings in excess of revenues.

j) **Foreign currency translation**

**Foreign currency**

The functional currency of the Group and its Indian subsidiaries is Indian Rupees (₹) whereas the functional currency of foreign subsidiaries is the currency of their primary economic environment.

***Initial recognition***

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

***Conversion***

Foreign currency monetary items are converted using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined. For foreign currency transactions recognised in condensed interim consolidated financial statement of profit and loss of the Group uses average rate if the average approximates the actual rate at the date of the transaction.

***Exchange differences***

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

***Translation of foreign operations***

The Group presents the condensed interim consolidated financial statements in ₹. For the purpose of these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity.

k) **Employee benefits**

**<u>Defined contribution plan</u>**

**Provident fund**

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

**Superannuation**

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

**<u>Defined benefit plan</u>**

**Gratuity**

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

**Compensated absences and long service awards**

**Leave encashment**

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

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

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

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

**Long service awards**

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

**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 condensed interim consolidated financial statement of profit and loss during the period when the employee renders the service.

**l) Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in condensed interim consolidated financial 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 recognised 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 recognised 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 recognised only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

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

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

Deferred tax relating to items recognised outside the condensed interim consolidated financial statement of profit and loss is recognised in co-relation to the underlying transaction either in OCI or directly in equity.

**m) Segment reporting**

**(i) Identification of segment**

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

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

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

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

**(iii) Unallocated items**

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

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

**(iv) Inter-segment transfers**

There are no inter-segments transactions.

**(v) Segment accounting policies**

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

**n) Earnings per share (EPS)**

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

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

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

**o) Provision**

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

**p) 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 Group or a present obligation that is not recognised 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 recognised because it cannot be measured reliably. Contingent assets are neither recognised nor disclosed in condensed interim consolidated financial statements.

**q) Share based payments**

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

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

At the end of each reporting period, the Group 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 condensed interim consolidated financial statement of profit and loss with a corresponding adjustment to equity.

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

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised 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.

**r) 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 recognised as a deduction from equity, net of any tax effects

**s) Treasury**

The group has created an PSPL ESOP Management Trust (hereinafter referred as 'ESOP Trust') for providing share-based payment to its employees. The group uses ESOP Trust as a vehicle for distributing shares to employees under the employee remuneration schemes. The ESOP Trust buys shares of the parent company from the market, for giving shares to employees. The group treats ESOP Trust as its extension and shares held by trust are treated as treasury shares. Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in Securities premium . Share options exercised during the reporting period are satisfied with treasury shares.

**t) 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 Board of Directors.

**u) Business combination**

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises 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 and including fair value of contingent consideration payable;
- 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 recognised as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in OCI 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 recognised directly in equity as capital reserve.

Business combinations between entities under common control is accounted for using pooling of interest method. 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.

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

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

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognised in the other comprehensive income as gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

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### 5.1 Property, plant and equipment

(In ₹ Million)

| | Land - Freehold | Buildings* | Computers | Office equipments | Plant and equipment | Leasehold improvements | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross block (At cost)** | | | | | | | | | |
| As at April 1, 2023 | 1,007.14 | 2,880.89 | 4,773.83 | 130.79 | 1,960.91 | 67.18 | 1,099.50 | 15.88 | 11,936.12 |
| Additions | - | 15.13 | 375.92 | 115.10 | 159.74 | 15.39 | 81.74 | 0.22 | 763.24 |
| Acquisition through merger (Refer note 40 and 41) | - | - | 28.24 | - | 5.28 | - | 8.66 | - | 42.18 |
| Disposals | - | 0.32 | 311.90 | 5.35 | 46.39 | - | 14.72 | 1.26 | 379.94 |
| Disposal on account of merger (Refer note 40 and 41) | - | - | 28.24 | - | 5.28 | - | 8.66 | - | 42.18 |
| Effect of foreign currency translation from functional currency to reporting currency | 0.13 | 0.51 | 23.96 | 1.71 | 0.69 | 3.00 | 4.64 | - | 34.64 |
| **As at March 31, 2024** | **1,007.27** | **2,896.21** | **4,861.81** | **242.25** | **2,074.95** | **85.57** | **1,171.16** | **14.84** | **12,354.06** |
| **Accumulated depreciation** | | | | | | | | | |
| As at April 1, 2023 | - | 1,393.29 | 3,493.89 | 101.64 | 1,285.82 | 52.55 | 741.70 | 7.28 | 7,076.17 |
| Additions through merger (refer note 40 and 41) | - | - | 24.15 | - | 4.92 | - | 7.88 | - | 36.95 |
| Charge for the year | - | 124.11 | 780.31 | 15.25 | 174.00 | 4.01 | 87.70 | 2.13 | 1,187.51 |
| Disposals | - | 0.32 | 289.71 | 4.76 | 45.49 | - | 14.28 | 1.26 | 355.82 |
| Disposal on account of merger (Refer note 40 and 41) | - | - | 24.15 | - | 4.92 | - | 7.88 | - | 36.95 |
| Effect of foreign currency translation from functional currency to reporting currency | - | 0.25 | 19.12 | 0.52 | (0.20) | 2.70 | 3.78 | - | 26.17 |
| **As at March 31, 2024** | **-** | **1,517.33** | **4,003.61** | **112.65** | **1,414.13** | **59.26** | **818.90** | **8.15** | **7,934.03** |
| **Net block as at March 31, 2024** | **1,007.27** | **1,378.88** | **858.20** | **129.60** | **660.82** | **26.31** | **352.26** | **6.69** | **4,420.03** |

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**5.1 Property, plant and equipment (continued)**

(In ₹ Million)

| | Land - Freehold | Buildings* | Computers | Office equipments | Plant and equipment | Leasehold improvements | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross block (At cost)** | | | | | | | | | |
| As at April 1, 2022 | 221.62 | 2,455.16 | 4,003.93 | 100.38 | 1,399.89 | 47.69 | 734.18 | 7.27 | 8,970.12 |
| Additions | 784.61 | 421.84 | 756.85 | 24.73 | 568.53 | 14.04 | 348.40 | 8.64 | 2,927.64 |
| Additions through business combinations (refer note 35) | - | - | 29.34 | 2.69 | - | 4.40 | 6.02 | - | 42.45 |
| Disposals | - | 0.20 | 79.32 | 0.98 | 9.04 | 3.73 | 5.74 | 0.03 | 99.04 |
| Effect of foreign currency translation from functional currency to reporting currency | 0.91 | 4.09 | 63.03 | 3.97 | 1.53 | 4.78 | 16.64 | - | 94.95 |
| **As at March 31, 2023** | **1,007.14** | **2,880.89** | **4,773.83** | **130.79** | **1,960.91** | **67.18** | **1,099.50** | **15.88** | **11,936.12** |
| **Accumulated depreciation** | | | | | | | | | |
| As at April 1, 2022 | - | 1,281.98 | 2,767.92 | 90.52 | 1,188.81 | 45.01 | 672.26 | 5.95 | 6,052.45 |
| Additions through business combination (refer note 35) | - | - | 21.01 | 2.32 | - | 4.18 | 5.14 | - | 32.65 |
| Charge for the year | - | 109.57 | 731.08 | 6.28 | 103.95 | 2.59 | 54.10 | 1.36 | 1,008.93 |
| Disposals | - | 0.18 | 75.38 | 0.89 | 8.93 | 3.55 | 5.03 | 0.03 | 93.99 |
| Effect of foreign currency translation from functional currency to reporting currency | - | 1.92 | 49.26 | 3.41 | 1.99 | 4.32 | 15.23 | - | 76.13 |
| **As at March 31, 2023** | **-** | **1,393.29** | **3,493.89** | **101.64** | **1,285.82** | **52.55** | **741.70** | **7.28** | **7,076.17** |
| **Net block as at March 31, 2023** | **1,007.14** | **1,487.60** | **1,279.94** | **29.15** | **675.09** | **14.63** | **357.80** | **8.60** | **4,859.95** |

* Note: Buildings include those constructed on leasehold land:

a) Gross block as on March 31, 2024 ₹ 1,460.40 Million (Previous year : ₹ 1,455.94 Million)

b) Depreciation charge for the year ₹ 59.30 Million (Previous year ₹ 59.08 Million)

c) Accumulated depreciation as on March 31, 2024 ₹ 735.52 Million (Previous year ₹ 676.22 Million)

d) Net block value as on March 31, 2024 ₹ 724.88 Million (Previous year ₹ 779.72 Million)

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**5.2 Right of use assets**

(In ₹ Million)

| | Leasehold Land | Office premises | Total |
|---|---|---|---|
| **Gross block (At cost)** | | | |
| As at April 1, 2023 | 131.97 | 2,994.30 | 3,126.27 |
| Additions during the year | - | 749.09 | 749.09 |
| Acquisition through merger (Refer note 40 and 41) | - | 374.81 | 374.81 |
| Disposals | - | 145.36 | 145.36 |
| Disposal on account of merger (Refer note 40 and 41) | - | 374.81 | 374.81 |
| Effect of foreign currency translation of foreign operations from functional currency to reporting currency | - | 42.07 | 42.07 |
| **As at March 31, 2024** | **131.97** | **3,640.10** | **3,772.07** |
| **Accumulated depreciation** | | | |
| As at April 1, 2023 | 3.22 | 924.84 | 928.06 |
| Acquisition through merger (Refer note 40 and 41) | - | 112.12 | 112.12 |
| Charge for the year | 1.54 | 649.96 | 651.50 |
| Disposals | - | 126.06 | 126.06 |
| Disposal on account of merger (Refer note 40 and 41) | - | 112.12 | 112.12 |
| Effect of foreign currency translation of foreign operations from functional currency to reporting currency | - | 11.39 | 11.39 |
| **As at March 31, 2024** | **4.76** | **1,460.13** | **1,464.89** |
| **Net block as at March 31, 2024** | **127.21** | **2,179.97** | **2,307.18** |

(In ₹ Million)

| | Leasehold Land | Office premises | Total |
|---|---|---|---|
| **Gross block (At cost)** | | | |
| As at April 1, 2022 | 37.50 | 1,841.75 | 1,879.25 |
| Additions during the year | 94.47 | 1,230.91 | 1,325.38 |
| Disposals | - | 133.72 | 133.72 |
| Effect of foreign currency translation of foreign operations from functional currency to reporting currency | - | 55.36 | 55.36 |
| **As at March 31, 2023** | **131.97** | **2,994.30** | **3,126.27** |
| **Accumulated depreciation** | | | |
| As at April 1, 2022 | 1.76 | 519.28 | 521.04 |
| Charge for the year | 1.46 | 482.62 | 484.08 |
| Disposals | - | 126.78 | 126.78 |
| Effect of foreign currency translation of foreign operations from functional currency to reporting currency | - | 49.72 | 49.72 |
| **As at March 31, 2023** | **3.22** | **924.84** | **928.06** |
| **Net block as at March 31, 2023** | **128.75** | **2,069.46** | **2,198.21** |

**5.3 Goodwill**

(In ₹ Million)

| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Cost** | | |
| Balance at beginning of year | 7,183.71 | 2,790.22 |
| Reclassification on purchase price allocation of business combination (refer note 35) | 3,322.19 | 4,051.66 |
| Effect of foreign currency translation of foreign operations from functional currency to reporting currency | 406.66 | 341.83 |
| **Balance at end of year** | **10,912.56** | **7,183.71** |

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU or groups of CGUs, which benefit from the synergies of the acquisition. The Group internally reviews the goodwill for impairment at the operating segment level, after allocation of the goodwill to CGUs or groups of CGUs.

The allocation of goodwill to operating segments is as follows :

(In ₹ Million)

| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Segment** | | |
| a. Banking, Financial Services and Insurance (BFSI) | 2,437.97 | 2,402.01 |
| b. Healthcare & Life Sciences | - | - |
| c. Software, Hi-Tech and Emerging Industries | 8,474.59 | 4,781.70 |
| | **10,912.56** | **7,183.71** |
| Operating segments without significant goodwill | - | - |
| **Total** | **10,912.56** | **7,183.71** |

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. Value-in-use is determined based on discounted future cash flows.
The key assumptions used for the calculations are as follows :

| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Long-term growth rate | 4.20% | 15% to 25% |
| Operating margins | 10% to 25% | 25% to 35% |
| Discount rate | 14% to 17% | 5% to 15% |

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. As at March 31, 2024, the estimated recoverable amount of the CGU exceeded its carrying amount. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount. Operating margin and long term growth rate are in line with company'sc current opertions.
Based on testing, no impairment loss was identified during current year and previous year.

### 5.4 Other Intangible assets

(In ₹ Million)

| | Software | Acquired contractual rights | Provisional intangible assets | Total |
|---|---|---|---|---|
| **Gross block** | | | | |
| As at April 1, 2023 | 3,312.14 | 10,093.33 | 5,239.19 | 18,644.66 |
| Additions | 127.90 | - | - | 127.90 |
| Disposals | 0.03 | - | - | 0.03 |
| Reclassification on purchase price allocation of business combination (refer note 35) | - | 1,548.49 | (4,870.68) | (3,322.19) |
| Effect of foreign currency translation from functional currency to reporting currency | 36.26 | 570.77 | (368.51) | 238.52 |
| **As at March 31, 2024** | **3,476.27** | **12,212.59** | **-** | **15,688.86** |
| **Accumulated amortisation** | | | | |
| As at April 1, 2023 | 2,744.90 | 6,506.21 | 222.13 | 9,473.24 |
| Charge for the period | 244.14 | 1,010.58 | - | 1,254.72 |
| Disposals | 0.03 | - | - | 0.03 |
| Reclassification on purchase price allocation of business combination | - | 523.67 | (523.67) | - |
| Effect of foreign currency translation from functional currency to reporting currency | 32.22 | 52.22 | 301.54 | 385.98 |
| **As at March 31, 2024** | **3,021.23** | **8,092.68** | **-** | **11,113.91** |
| **Net block as at March 31, 2024** | **455.04** | **4,119.91** | **-** | **4,574.95** |

(In ₹ Million)

| | Software | Acquired contractual rights | Provisional intangible assets | Total |
|---|---|---|---|---|
| **Gross block** | | | | |
| As at April 1, 2022 | 3,031.45 | 6,813.53 | 6,696.30 | 16,541.28 |
| Additions | 502.81 | - | - | 502.81 |
| Additions through business combination (refer note 35) | 10.63 | - | 4,870.68 | 4,881.31 |
| Disposals | 390.70 | - | - | 390.70 |
| Reclassification on purchase price allocation of business combination (refer note 35) | - | 2,771.88 | (6,823.54) | (4,051.66) |
| Effect of foreign currency translation from functional currency to reporting currency | 157.95 | 507.92 | 495.75 | 1,161.62 |
| **As at March 31, 2023** | **3,312.14** | **10,093.33** | **5,239.19** | **18,644.66** |
| **Accumulated amortisation** | | | | |
| As at April 1, 2022 | 2,864.32 | 5,352.04 | 55.29 | 8,271.65 |
| Charge for the year | 110.59 | 591.68 | 523.67 | 1,225.94 |
| Additions on business combinations (refer note 35) | 9.43 | - | - | 9.43 |
| Disposals | 390.70 | - | - | 390.70 |
| Reclassification on purchase price allocation of business combination | - | 374.82 | (374.82) | - |
| Effect of foreign currency translation from functional currency to reporting currency | 151.26 | 187.67 | 17.99 | 356.92 |
| **As at March 31, 2023** | **2,744.90** | **6,506.21** | **222.13** | **9,473.24** |
| **Net block as at March 31, 2023** | **567.24** | **3,587.12** | **5,017.06** | **9,171.42** |

### 5.5 Depreciation and amortisation

(In ₹ Million)

| | For the quarter ended | | For the year ended | |
|---|---|---|---|---|
| | **March 31, 2024** | **March 31, 2023** | **March 31, 2024** | **March 31, 2023** |
| On Property, plant and equipment | 299.65 | 293.22 | 1,187.51 | 1,008.93 |
| On Right of Use assets | 182.75 | 123.70 | 651.50 | 484.08 |
| On Other Intangible assets | 316.77 | 280.33 | 1,254.72 | 1,225.94 |
| | **799.17** | **697.25** | **3,093.73** | **2,718.95** |

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

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Investments carried at amortised cost** | | |
| **Quoted Investments** | | |
| **In bonds** | 2,916.91 | 3,005.16 |
| [Market value ₹ 2,758.24 Million (Previous year ₹ 2,852.78 Million)] | | |
| Add: Interest accrued on bonds | 78.70 | 80.43 |
| **Total investments carried at amortised cost (A)** | **2,995.61** | **3,085.59** |
| | | |
| **Designated as fair value through profit and loss** | | |
| **Unquoted Investments** | | |
| **- Investments in mutual funds** | | |
| Fair value of long term mutual funds (refer Note 6a) | 2,386.71 | 1,255.28 |
| | **2,386.71** | **1,255.28** |
| | | |
| **Others*** | | |
| **Investments in Common Stocks / Preferred Stocks** | | |
| Ciqual Limited [Holding 2.38% (Previous year 2.38%)] | | |
| 0.04 Million (Previous year : 0.04 Million) shares of GBP 0.01 each, fully paid up | 16.72 | 16.73 |
| Less : Change in fair value of investment | (16.72) | (16.73) |
| | - | - |
| | | |
| Altizon Systems Private Limited | 6.00 | 6.00 |
| 3,766 equity shares (Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up | | |
| | **6.00** | **6.00** |
| | | |
| Hygenx Inc. | 16.68 | 16.43 |
| 0.25 Million (Previous year : 0.25 Million) Preferred stock of $ 0.001 each, fully paid up | | |
| Less : Change in fair value of investment | (16.68) | (16.43) |
| | - | - |
| | | |
| Trunomi Inc. | 20.85 | 20.54 |
| 0.28 Million (Previous year : 0.28 Million) Preferred stock of $ 0.0002 each, fully paid up | | |
| Less : Change in fair value of investment | (20.85) | - |
| | - | **20.54** |
| | | |
| Monument Bank | 136.02 | 134.01 |
| 0.024 Million (Previous year: 0.024 Million) Stock of GBP 50 each), fully paid up | | |
| | **142.02** | **160.55** |
| | | |
| DxNow | 10.43 | 10.27 |
| 0.17 million Preferred Shares of $ 0.0001 each (Previous year : 0.17 million Preferred Shares of $ 0.0001) | | |
| Less : Change in fair value of investment | (10.43) | (10.27) |
| | - | - |
| | | |
| Akumina Inc. | 14.80 | 14.58 |
| 0.40 Million Preference shares of $ 0.443 each (Previous year: 0.40 Million Preference shares of $ 0.443 each) | | |
| | **14.80** | **14.58** |
| | | |
| **Total Investments carried at Fair Value (B)** | **2,543.53** | **1,430.41** |
| | | |
| **Total investments (A) + (B)** | **5,539.14** | **4,516.00** |
| | | |
| **Aggregate amount of change in fair value of investments** | 64.68 | 43.43 |
| **Aggregate amount of quoted investments** | 2,995.61 | 3,085.59 |
| **Aggregate amount of unquoted investments** | 2,608.21 | 1,473.84 |

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

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

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Bandhan Mutual Fund (formerly known as IDFC Mutual Fund) | 651.08 | 733.59 |
| Axis Mutual Fund | 526.58 | 491.04 |
| HDFC Mutual Fund | 185.54 | - |
| DSP mutual fund | 155.66 | - |
| HSBC Mutual Fund | 155.43 | 30.65 |
| Kotak Mutual Fund | 152.75 | - |
| SBI Mutual Fund | 152.65 | - |
| ICICI Prudential Mutual Fund | 152.57 | - |
| Birla Sun Life Mutual Fund | 152.53 | - |
| Nippon Mutual Fund | 101.92 | - |
| | **2,386.71** | **1,255.28** |

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

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Carried at amortised cost** | | |
| **Other loans** | | |
| Unsecured, credit impaired | 0.58 | 0.58 |
| | **0.58** | **0.58** |
| Less: Impairment allowance | (0.58) | (0.58) |
| | - | - |

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

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Considered good** | | |
| **Carried at amortised cost** | | |
| Deposits with banks (refer note 14)* | 3.99 | 41.60 |
| Add: Interest accrued but not due on bank deposits (refer note 14) | 0.24 | 0.98 |
| **Deposits with banks** | **4.23** | **42.58** |
| Deposit with financial institutions | 100.00 | 500.00 |
| Add: Interest accrued but not due on deposit with financial institutions | 10.18 | 20.22 |
| **Deposits with financial institutions** | **110.18** | **520.22** |
| Security deposits | 410.90 | 356.80 |
| **Credit impaired** | | |
| Deposit with financial institutions | 430.00 | 430.00 |
| Add: Interest accrued but not due on deposit with financial institutions | 0.98 | 0.98 |
| Less: Credit impaired | (430.98) | (430.98) |
| **Deposits with financial institutions** | - | - |
| | **525.31** | **919.60** |

* Out of the balance, fixed deposits of ₹ 3.60 Million (Previous year : ₹ 2.05 Million) have been earmarked against credit facilities and bank guarantees availed by the Company.

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

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Deferred tax assets** | | |
| Provision for leave encashment | 386.00 | 270.80 |
| Provision for long service awards | 189.18 | 222.45 |
| Allowance for expected credit loss | 93.21 | 36.85 |
| Provision for gratuity | 14.72 | - |
| Differences in book values and tax base values of block of property, plant and equipment and intangible assets | 147.62 | 176.31 |
| Brought forward and current year losses | 226.71 | 161.70 |
| Tax credits | 80.96 | 135.40 |
| ROU asset and lease liability | 61.55 | 42.68 |
| Provision for shared based payments to employees | 144.01 | 68.94 |
| Cashflow on Hedges | - | 1.94 |
| Provisions for doubtful investment | 117.28 | 119.77 |
| Others | 1.56 | 2.67 |
| | **1,462.80** | **1,239.51** |
| **Deferred tax liabilities** | | |
| Differences in book values and tax base values of block of property, plant and equipment and intangible assets | 27.33 | 75.28 |
| Cashflow on Hedges | 8.02 | - |
| ROU asset and lease liability | 0.68 | - |
| Brought forward and current year losses | 26.26 | - |
| Capital gains | 44.14 | 22.82 |
| Unrealised exchange gain/loss | 8.17 | 10.49 |
| Unbilled revenue | 5.92 | - |
| Others | 1.40 | 1.63 |
| | **121.92** | **110.22** |
| **Deferred tax assets after set off** | **1,340.88** | **1,129.29** |

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Deferred income tax assets after set-off | 1,359.64 | 1,133.97 |
| Deferred income tax liabilities after set-off | (18.76) | (4.68) |
| | **1,340.88** | **1,129.29** |

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

Certain subsidiaries of the group have undistributed eamings which, if paid out as dividends, would be subject to tax in the hands of the recipient An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from these subsidiaries These subsidiaries are not expected to distribute these profits in the foreseeable future.

**10. Other non-current assets**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Capital advances (Unsecured, considered good) | 826.67 | 629.15 |
| Prepayments | 420.61 | 330.14 |
| Simple Agreement for Future Equity (SAFE) | 165.75 | - |
| | **1,413.03** | **959.29** |

### 11. Current financial assets : Investments

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Designated as fair value through profit and loss** | | |
| **- Unquoted investments** | | |
| **Investments in mutual funds** | | |
| Fair value of current mutual funds (refer Note 11a) | 2,726.54 | 1,879.66 |
| | **2,726.54** | **1,879.66** |
| **Total carrying amount of investments** | **2,726.54** | **1,879.66** |
| **Aggregate amount of unquoted investments** | **2,726.54** | **1,879.66** |

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

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Aditya Birla Sun Life Mutual Fund | 502.35 | 246.52 |
| UTI Mutual Fund | 364.27 | 195.74 |
| Kotak Mutual Fund | 311.66 | 200.12 |
| HDFC Mutual Fund | 303.47 | 200.17 |
| Bandhan Mutual Fund (formerly known as IDFC Mutual Fund) | 261.00 | 100.10 |
| Tata Mutual Fund | 234.14 | 50.02 |
| DSP Mutual Fund | 195.10 | 50.00 |
| Axis Mutual Fund | 173.71 | 195.72 |
| Nippon India Mutual Fund (formerly known as Reliance Mutual Fund) | 150.60 | 100.02 |
| Mirae Asset Mutual Fund | 50.06 | 50.03 |
| SBI Mutual Fund | 50.03 | 115.64 |
| HSBC Mutual Fund | 40.05 | 50.00 |
| Sundaram Mutual Fund | 40.05 | 30.01 |
| ICICI Prudential Mutual Fund | 30.02 | 245.54 |
| Invesco Mutual Fund | 20.03 | 50.03 |
| | **2,726.54** | **1,879.66** |

### 12. Trade receivables

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **- Current** | | |
| Unsecured, considered good | 16,761.13 | 15,253.22 |
| Unsecured, credit impaired | 398.64 | 188.96 |
| | **17,159.77** | **15,442.18** |
| Less : Allowance for expected credit loss | (398.64) | (188.96) |
| | **16,761.13** | **15,253.22** |
| **- Non-current** | | |
| Unsecured, considered good | 730.18 | 709.45 |
| | **730.18** | **709.45** |
| Less : Allowance for expected credit loss | - | - |
| | **730.18** | **709.45** |
| | **17,491.31** | **15,962.67** |

**13. Cash and cash equivalents**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Cash and cash equivalents as presented in cash flow statement** | | |
| Cash in hand | 0.11 | 0.25 |
| Balances with banks | | |
| On current accounts # | 4,819.66 | 3,303.76 |
| On saving accounts | 23.48 | 33.21 |
| On exchange earner's foreign currency accounts | 1,401.87 | 638.90 |
| On deposit accounts with original maturity less than three months | 380.03 | 279.68 |
| On other accounts | - | 414.32 |
| | **6,625.15** | **4,670.12** |

# Of the cash and cash equivalent balance as at March 31, 2024, the Company can utilise ₹ 65.10 million (Previous year: ₹ 125.39 million) only towards certain predefined activities specified in the government grant agreement.

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

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Deposits with banks* | 3,497.98 | 4,271.04 |
| Add: Interest accrued but not due on deposits with banks | 107.04 | 131.17 |
| Deposits with banks (carried at amortised cost) | **3,605.02** | **4,402.21** |
| Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (refer note 8) | (3.99) | (41.60) |
| Less: Interest accrued but not due on non-current deposits with banks (refer note 8) | (0.24) | (0.98) |
| | **3,600.79** | **4,359.63** |
| Balances with banks on unpaid dividend accounts** | 2.92 | 3.05 |
| | **3,603.71** | **4,362.68** |

* Out of the balance, fixed deposits of ₹ 2,365.78 Million (Previous year : ₹ 1,216.85 Million) have been earmarked against credit facilities and bank guarantees availed by the Group.

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

**15. Current financial assets : Loans**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Loan to others (Unsecured, credit impaired)** | | |
| LHS Solution Inc. | 25.00 | 24.60 |
| Interest accrued but not due at amortised cost | 1.96 | 1.97 |
| Less: Impairment | (26.96) | (26.57) |
| | - | - |

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### 16. Other current financial assets

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Derivative instruments at fair value through OCI** | | |
| **Cash flow hedges** | | |
| Foreign exchange forward contracts | 42.54 | - |
| Security deposits | 57.95 | 26.56 |
| Other receivables | - | 184.38 |
| Unbilled revenue | 6,521.34 | 4,671.23 |
| | **6,621.83** | **4,882.17** |

### 17. Other current assets

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Unsecured, considered good** | | |
| **Advances to suppliers** | | |
| Advances recoverable in cash or kind or for value to be received | 1,573.38 | 900.09 |
| Prepayments | 854.25 | 999.27 |
| Deferred finance costs | 61.82 | - |
| Excess fund balance with Life Insurance Corporation | - | 53.32 |
| **Other advances** | | |
| VAT receivable (net) | 9.72 | 22.10 |
| Service tax and GST receivable (net) | 2,394.32 | 1,443.48 |
| | **2,404.04** | **1,465.58** |
| | **4,893.49** | **3,418.26** |

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**18(a). Share capital**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Authorized shares (No. in million)** | | |
| 400 (Previous year: 400) equity shares of ₹ 5 each | 2,000.00 | 2,000.00 |
| | **2,000.00** | **2,000.00** |
| **Issued, subscribed and fully paid-up shares (No. in million)** | | |
| 154.05 (Previous year: 152.85) equity shares of ₹ 5 each | 770.25 | 764.25 |
| **Issued, subscribed and fully paid-up share capital** | **770.25** | **764.25** |

The Group's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through operating cash flows generated, borrowings and equity. The Group is not subject to any externally imposed capital requirements.

The Board of Directors of the Company at its meeting held on January 20, 2024, recommended the sub-division/ split of 1(One) fully paid-up equity share having a face value of ₹10 each into 2 (Two) fully paid-up equity shares having a face value of ₹ 5 each by alteration of capital clause of the Memorandum of Association (MOA) subject to the approval of Members of the Company. The Members of the Company approved the sub-division / Split of 1(One) fully paid up equity share of ₹ 10 each into 2 (Two) fully paid up equity shares of ₹ 5 each through a postal ballot with a requisite majority and the voting results were declared on March 11, 2024.

Further, the Board of Directors at its meeting held on March 13, 2024, approved the Record Date for Split/Sub-division of Equity Shares as April 1, 2024.

Consequent to this, the authorized share capital comprises 400,000,000 equity shares having a face value of ₹ 5 each aggregating to ₹ 2,000,000,000, and the paid-up capital comprises 154,050,000 equity shares having a face value of ₹ 5 each aggregating to ₹ 770,250,000. The impact of this has been considered in the financial statement.

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

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

(In Million)

| | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | No of shares | Amount ₹ | No of shares | Amount ₹ |
| Number of shares at the beginning of the year | 152.85 | 764.25 | 152.85 | 764.25 |
| Add/ Less: Changes during the year | 1.20 | 6.00 | - | - |
| **Number of shares at the beginning of the year** | **154.05** | **770.25** | **152.85** | **764.25** |

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

The Group has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors of Parent Company declared interim dividend of ₹ 16 per share on January 20, 2024 on the face value of ₹ 5 each; for the Financial Year 2023-24.

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

**Dividend distribution made and proposed:**

| | For the year ended March 31, 2024 In ₹ Million | For the year ended March 31, 2023 In ₹ Million |
|---|---|---|
| **Dividends on equity shares declared and paid:** | | |
| Final dividend for the year ended on 31 March 2023: ₹ 11 per share (31 March 2022: ₹ 5.5 per share) | 1,692.35 | 840.68 |
| Interim dividend for the year ended on 31 March 2024: ₹ 16 per share (31 March 2023: ₹ 14 per share) | 2,461.60 | 2,139.90 |
| | **4,153.95** | **2,980.58** |
| **Proposed dividends on Equity shares:** | | |
| Proposed dividend for the year ended on 31 March 2024: ₹ 10 per share (31 March 2023: ₹ 11 per share) | 1,540.50 | 1,692.35 |
| | **1,540.50** | **1,692.35** |

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 March 2024. Dividend per equity share disclosed in above note represents dividends declaraed previously, retrospectively adjusted for the April 2024 share split.

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

In the period of five years immediately preceding March 31, 2024, the Company had purchased and extinguished a total of of 7,150,000 fully paid-up equity shares of face value ₹ 5 each from the stock exchange by way of buyback of shares which was completed in June 27, 2019.

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

| Name of the shareholder* | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | No. in Million | % Holding | No. in Million | % Holding |
| Dr. Anand Deshpande | 45.75 | 29.70 | 45.74 | 29.93 |

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

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**18(b). Other equity**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Reserves and Surplus** | | |
| Securities premium | 1,601.80 | - |
| General reserve | 25,842.99 | 20,824.45 |
| Share options outstanding reserve | 2,227.71 | 2,222.02 |
| Gain on bargain purchase | 63.61 | 62.67 |
| Capital redemption reserve | 35.75 | 35.75 |
| Retained earnings | 19,346.09 | 16,607.36 |
| Treasury shares | (2,085.84) | (2,435.67) |
| PSL ESOP Trust reserve | 140.64 | 70.31 |
| **Items of other comprehensive income** | | |
| Effective portion of cash flow hedges | 23.85 | (5.76) |
| Exchange differences on translating the financial statements of foreign operations | 1,610.22 | 1,505.40 |
| | **48,806.82** | **38,886.53** |

**(i) Securities premium**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | - | - |
| Premium on fresh issue of equity shares | 1,601.80 | - |
| Premium on fresh issue of equity shares | **1,601.80** | **-** |

**(ii) General reserve**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | 20,824.45 | 17,376.65 |
| Transfer to general reserve | 3,965.23 | 3,164.51 |
| Adjustments towards employees stock options | 1,087.56 | 283.10 |
| Other changes during the year | (34.25) | 0.19 |
| | **25,842.99** | **20,824.45** |

**(iii) Share options outstanding reserve**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | 2,222.02 | 1,144.84 |
| Adjustments towards employees stock options | 1,091.75 | (283.10) |
| Employee stock compensation expenses | (1,087.56) | 1,357.14 |
| Other changes during the year | 1.50 | 3.14 |
| | **2,227.71** | **2,222.02** |

**(iv) Gain on bargain purchase**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | 62.67 | 57.80 |
| Other changes during the year | 0.94 | 4.87 |
| | **63.61** | **62.67** |

**(v) Capital redemption reserve**

| | As at - In ₹ Million | As at - In ₹ Million |
|---|---|---|
| Opening Balance | 35.75 | 35.75 |
| Other changes during the year | - | - |
| | **35.75** | **35.75** |

**(vi) Retained earnings**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | 16,607.36 | 13,553.90 |
| Profit for the year | 10,934.91 | 9,210.93 |
| Items recognised in / from other comprehensive income for the year | (98.29) | (17.69) |
| Income tax effect on above | 21.29 | 5.31 |
| Dividend | (4,153.95) | (2,980.58) |
| Transfer to general reserve | (3,965.23) | (3,164.51) |
| | **19,346.09** | **16,607.36** |

**(vii) Treasury shares**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | (2,435.67) | - |
| Shares held by ESOP trust | 349.83 | - 2,435.67 |
| | **(2,085.84)** | **- 2,435.67** |

**(viii) PSL ESOP Trust reserve**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | 70.31 | - |
| Dividend Paid to ESOP trust | 70.33 | 70.31 |
| | **140.64** | **70.31** |

**(ix) Effective portion of cash flow hedges**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | (5.76) | 41.80 |
| Items recognised in / from other comprehensive income for the year | 29.61 | (47.56) |
| | **23.85** | **(5.76)** |

**(x) Exchange differences on translating the financial statements of foreign operations**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Opening Balance | 1,505.40 | 707.21 |
| Items recognised in / from other comprehensive income for the year | 104.82 | 798.19 |
| | **1,610.22** | **1,505.40** |

*(This space is intentionally left blank)*

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

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **Borrowings carried at amortised cost** | | |
| Indian rupee loan from others | 1.85 | 3.69 |
| Interest accrued but not due on above loan | 0.02 | 0.06 |
| Foreign currency loan from bank | 2,071.32 | 4,303.20 |
| | **2,073.19** | **4,306.95** |
| Less: Current maturity of long-term borrowings | (1,962.22) | (2,227.45) |
| Less: Current maturity of interest accrued but not due on term loan | (11.82) | (21.91) |
| | **(1,974.04)** | **(2,249.36)** |
| | **99.15** | **2,057.59** |

Indian rupee loan from Government department ₹ 1.85 million (Previous year: ₹ 3.69 million) at 3% p.a. in ten equal annual installments over a period of ten years commencing from October 2015.

Foreign currency loan from Government of Switzerland to a subsidiary company is Nil (Previous year ₹ 33.61 million). The interest free loan is given under a Covid-19 scheme for medium and small scale Industries by the Government with a repayment period of five years from March 2020.

Foreign currency loan ₹ 2,059.52 million (Previous year: ₹ 4,247.73 million). The Parent Company has provided the Letters of Comfort to the Lender.

Key terms of loan are as below:

| Repayment terms | Rs. Million | Interest rate |
|---|---|---|
| Loan 1: Repayable over a period of 3 years in equal monthly instalments commencing from November 2021 | 405.42 | SOFR + 155 bps |
| Loan 2: Repayable over a period of 3 years in equal monthly instalments commencing from April 2022 | 973.00 | SOFR + 155 bps |
| Loan 3: Repayable over a period of 3 years in equal monthly instalments commencing from May 2022 | 681.10 | SOFR + 155 bps |
| | **2,059.52** | |

**20. Non-current financial liabilities : Lease liabilities**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Lease liabilities | 2,438.10 | 2,268.59 |
| Less: Current portion of lease liabilities | (830.01) | (676.39) |
| | **1,608.09** | **1,592.20** |

**Movement of lease liabilities**

| | For the year ended March 31, 2024 In ₹ Million | For the year ended March 31, 2023 In ₹ Million |
|---|---|---|
| Opening balance | 2,268.59 | 1,456.87 |
| Additions | 753.59 | 1,230.91 |
| Deletions | - | (260.50) |
| Add: Interest recognised during the year | 180.02 | 137.86 |
| Less: Payments made during the year | (760.18) | (545.22) |
| Translation differences | (3.92) | 248.67 |
| **Closing balance** | **2,438.10** | **2,268.59** |

**21. Non-current liabilities : Provisions**

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Provision for employee benefits | | |
| - Gratuity | 74.24 | 3.52 |
| - Long service awards | 472.72 | 369.51 |
| | **546.96** | **373.03** |

### 22. Trade payables

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Trade payables | | |
| - Total outstanding dues of small enterprises and micro enterprises | 49.63 | 34.04 |
| - Total outstanding dues of creditors other than small enterprises and micro enterprises | 8,088.99 | 5,655.04 |
| | **8,138.62** | **5,689.08** |

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

### 23. Other current financial liabilities

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Capital creditors | 79.97 | 583.07 |
| Accrued employee liabilities | 1,092.42 | 840.04 |
| Unpaid dividend* | 2.92 | 3.05 |
| Other liabilities | 78.41 | 12.11 |
| | | |
| Liability towards contingent consideration | 2,464.55 | 5,305.83 |
| Less: Non-current portion of liability towards contingent consideration | - | (2,888.92) |
| | **2,464.55** | **2,416.91** |
| | | |
| **Derivative instruments at fair value through OCI** | | |
| **Cash flow hedges** | | |
| Foreign exchange forward contracts | - | 67.67 |
| | **3,718.27** | **3,922.85** |

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

### 24.Other liabilities

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| **- Current** | | |
| Unearned revenue | 1,935.26 | 1,043.75 |
| Advance from customers | 262.89 | 175.48 |
| Other payables | | |
| - Statutory liabilities | 904.91 | 1,183.11 |
| - Others* | 199.76 | 245.37 |
| | 3,302.82 | 2,647.71 |
| **- Non-current** | | |
| Unearned revenue | 44.44 | 34.83 |
| | 44.44 | 34.83 |
| | | |
| | **3,347.26** | **2,682.54** |

*Includes balance of ₹ 65.10 Million (Previous year: ₹ 125.39 Million) to be utilised against certain predefined activities specified in the government grant agreement. There are no unfulfilled conditions or contingencies attached to these grants.

### 25. Current liabilities : Provisions

| | As at March 31, 2024 In ₹ Million | As at March 31, 2023 In ₹ Million |
|---|---|---|
| Provision for employee benefits | | |
| - Gratuity | 0.13 | 0.09 |
| - Leave encashment | 1,651.87 | 1,167.97 |
| - Long service awards | 34.02 | 34.18 |
| - Other employee benefits | 1,644.64 | 3,447.00 |
| | **3,330.66** | **4,649.24** |

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

| | For the quarter ended | | For the year ended | |
|---|---|---|---|---|
| | March 31, 2024<br>In ₹ Million | March 31, 2023<br>In ₹ Million | March 31, 2024<br>In ₹ Million | March 31, 2023<br>In ₹ Million |
| Software services | 24,617.72 | 21,682.44 | 94,181.78 | 79,993.40 |
| Software licenses | 1,287.54 | 862.28 | 4,034.09 | 3,512.52 |
| | **25,905.26** | **22,544.72** | **98,215.87** | **83,505.92** |

**27. Other income**

| | For the quarter ended | | For the year ended | |
|---|---|---|---|---|
| | March 31, 2024<br>In ₹ Million | March 31, 2023<br>In ₹ Million | March 31, 2024<br>In ₹ Million | March 31, 2023<br>In ₹ Million |
| Interest income | | | | |
| - On deposits carried at amortised cost | 68.50 | 83.40 | 294.98 | 296.25 |
| - On Others | 45.22 | 70.17 | 267.47 | 216.38 |
| **Other non operating income** | | | | |
| Foreign exchange loss / (gain) (net) | (15.54) | (189.09) | 84.97 | (133.24) |
| Profit on sale of property, plant and equipment (net) | 14.86 | 0.21 | 22.64 | 1.69 |
| Net profit on sale / fair valuation of financial assets designated as FVTPL | 119.64 | 83.89 | 289.11 | 196.52 |
| Excess provision in respect of earlier period / year written back | 22.22 | 17.89 | 27.76 | 32.44 |
| Miscellaneous income | 52.93 | 21.80 | 293.27 | 96.13 |
| | **307.83** | **88.27** | **1,280.20** | **706.17** |

**28. Personnel expenses**

| | For the quarter ended | | For the year ended | |
|---|---|---|---|---|
| | March 31, 2024<br>In ₹ Million | March 31, 2023<br>In ₹ Million | March 31, 2024<br>In ₹ Million | March 31, 2023<br>In ₹ Million |
| **28.1 Employee benefits expense** | | | | |
| Salaries, wages and bonus | 13,825.67 | 11,935.11 | 53,155.41 | 44,367.70 |
| Contribution to provident and other funds* | 1,006.61 | 839.78 | 3,781.21 | 3,022.40 |
| Staff welfare expenses | 398.37 | 330.69 | 1,581.33 | 948.41 |
| Share based payments to employees | 59.41 | 357.99 | 1,091.75 | 1,357.14 |
| | **15,290.06** | **13,463.57** | **59,609.70** | **49,695.65** |
| **28.2 Cost of professionals** | 3,645.51 | 2,323.26 | 11,492.70 | 10,426.01 |
| | **18,935.57** | **15,786.83** | **71,102.40** | **60,121.66** |

* Includes gratuity and leave encashment.

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**29. Other expenses**

| | For the quarter ended | | For the year ended | |
|---|---|---|---|---|
| | March 31, 2024 In ₹ Million | March 31, 2023 In ₹ Million | March 31, 2024 In ₹ Million | March 31, 2023 In ₹ Million |
| Travelling and conveyance | 440.88 | 339.18 | 1,533.72 | 1,260.25 |
| Electricity expenses (net) | 33.04 | 32.63 | 140.95 | 120.28 |
| Internet link expenses | 33.41 | 28.83 | 132.44 | 82.59 |
| Communication expenses | 14.20 | 23.64 | 80.81 | 96.25 |
| Recruitment expenses | 70.06 | 117.39 | 250.38 | 414.85 |
| Training and seminars | 49.03 | 26.75 | 169.86 | 123.30 |
| Royalty expenses | (0.99) | 16.20 | 59.55 | 65.19 |
| Purchase of software licenses | 1,509.56 | 1,362.04 | 5,608.16 | 3,411.70 |
| Bad debts | 63.36 | 82.33 | 63.36 | 82.33 |
| Allowance / (Reversal) for expected credit loss (net) | (47.87) | (45.96) | 103.57 | 3.03 |
| Rent | 28.19 | 34.62 | 145.93 | 147.45 |
| Insurance | 19.18 | 14.38 | 91.96 | 52.89 |
| Rates and taxes | 31.82 | 35.75 | 141.78 | 145.39 |
| Legal and professional fees | 260.20 | 179.49 | 1,063.96 | 926.27 |
| Repairs and maintenance | | | | |
| - Plant and Machinery | 43.88 | 43.18 | 187.75 | 140.13 |
| - Buildings | 13.92 | 7.21 | 35.19 | 33.63 |
| - Others | 10.11 | 7.64 | 32.42 | 28.10 |
| Selling and marketing expenses | 1.35 | 2.03 | 7.98 | 57.38 |
| Changes in contingent consideration payable on business combination | (471.30) | - | (743.03) | - |
| Advertisement, conference and sponsorship fees | 23.61 | 32.96 | 185.09 | 159.78 |
| Computer consumables | 6.27 | 6.45 | 21.11 | 18.37 |
| Auditors' remuneration | 1.10 | (0.10) | 14.31 | 11.84 |
| Corporate social responsibility expenditure | 70.45 | 47.22 | 175.45 | 120.12 |
| Books, memberships, subscriptions | 5.47 | 29.29 | 33.15 | 83.12 |
| Directors' sitting fees | 2.85 | 2.45 | 8.20 | 8.00 |
| Directors' commission | 8.75 | 6.09 | 34.11 | 27.95 |
| Loss / Impairment of non current investments | - | - | 20.58 | - |
| Miscellaneous expenses | 205.55 | 163.06 | 757.87 | 572.82 |
| | **2,426.08** | **2,594.75** | **10,356.61** | **8,193.01** |

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**30. Earnings per share**

| | | For the quarter ended | | For the year ended | |
|---|---|---|---|---|---|
| | | **March 31, 2024** | **March 31, 2023** | **March 31, 2024** | **March 31, 2023** |
| **Numerator for Basic and Diluted EPS** | | | | | |
| Net Profit after tax (In ₹ Million) | (A) | 3,153.21 | 2,515.13 | 10,934.91 | 9,210.93 |
| **Denominator for basic EPS** | | | | | |
| Weighted average number of equity shares | (B) | 152,123,890 | 149,479,507 | 150,952,418 | 148,887,386 |
| **Denominator for diluted EPS** | | | | | |
| Number of equity shares | (C) | 153,981,868 | 152,850,000 | 153,871,858 | 152,850,000 |
| **Basic earnings per share of face value of ₹ 5 each (In ₹)** | (A/B) | **20.73** | **16.83** | **72.44** | **61.87** |
| **Diluted earnings per share of face value of ₹ 5 each (In ₹)** | (A/C) | **20.48** | **16.45** | **71.07** | **60.26** |

| | For the quarter ended | | For the year ended | |
|---|---|---|---|---|
| | **March 31, 2024** | **March 31, 2023** | **March 31, 2024** | **March 31, 2023** |
| Outstanding weighted average number of equity shares considered for diluted EPS | 153,981,868 | 152,850,000 | 153,871,858 | 152,850,000 |
| Less: Weighted average number of treasury shares | 1,857,978 | 3,370,493 | 2,919,440 | 3,962,614 |
| **Outstanding weighted average number of equity shares considered for basic EPS** | **152,123,890** | **149,479,507** | **150,952,418** | **148,887,386** |

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**31. Segment information**

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

The operating segments of the Group are:

a. Banking, Financial Services and Insurance (BFSI)
b. Healthcare & Life Sciences
c. Software, Hi-Tech and Emerging Industries

| Particulars | | | BFSI | Healthcare & Life Sciences | Software, Hi-Tech and Emerging Industries | Total |
|---|---|---|---|---|---|---|
| Revenue | | | | | | |
| | Quarter ended | March 31, 2024 | 7,958.67 | 6,278.12 | 11,668.47 | 25,905.26 |
| | Quarter ended | March 31, 2023 | 7,290.52 | 4,438.24 | 10,815.96 | 22,544.72 |
| | Year ended | March 31, 2024 | 31,385.58 | 20,880.32 | 45,949.97 | 98,215.87 |
| | Year ended | March 31, 2023 | 27,231.45 | 16,161.07 | 40,113.40 | 83,505.92 |
| Identifiable expense | | | | | | |
| | Quarter ended | March 31, 2024 | 5,190.35 | 4,009.32 | 8,652.16 | 17,851.83 |
| | Quarter ended | March 31, 2023 | 4,477.64 | 2,266.07 | 7,765.90 | 14,509.61 |
| | Year ended | March 31, 2024 | 19,861.72 | 12,209.10 | 34,145.31 | 66,216.13 |
| | Year ended | March 31, 2023 | 17,226.98 | 8,147.53 | 27,830.90 | 53,205.41 |
| Segmental result | | | | | | |
| | Quarter ended | March 31, 2024 | 2,768.32 | 2,268.80 | 3,016.31 | 8,053.43 |
| | Quarter ended | March 31, 2023 | 2,812.88 | 2,172.17 | 3,050.06 | 8,035.11 |
| | Year ended | March 31, 2024 | 11,523.86 | 8,671.22 | 11,804.66 | 31,999.74 |
| | Year ended | March 31, 2023 | 10,004.47 | 8,013.54 | 12,282.50 | 30,300.51 |
| Unallocable expenses | | | | | | |
| | Quarter ended | March 31, 2024 | | | | 4,406.34 |
| | Quarter ended | March 31, 2023 | | | | 4,717.53 |
| | Year ended | March 31, 2024 | | | | 18,803.88 |
| | Year ended | March 31, 2023 | | | | 18,598.16 |
| Operating income | | | | | | |
| | Quarter ended | March 31, 2024 | | | | 3,647.09 |
| | Quarter ended | March 31, 2023 | | | | 3,317.58 |
| | Year ended | March 31, 2024 | | | | 13,195.86 |
| | Year ended | March 31, 2023 | | | | 11,702.35 |
| Other income (net of expenses) | | | | | | |
| | Quarter ended | March 31, 2024 | | | | 307.83 |
| | Quarter ended | March 31, 2023 | | | | 88.27 |
| | Year ended | March 31, 2024 | | | | 1,280.20 |
| | Year ended | March 31, 2023 | | | | 706.17 |
| Profit before taxes | | | | | | |
| | Quarter ended | March 31, 2024 | | | | 3,954.92 |
| | Quarter ended | March 31, 2023 | | | | 3,405.85 |
| | Year ended | March 31, 2024 | | | | 14,476.06 |
| | Year ended | March 31, 2023 | | | | 12,408.52 |
| Tax expense | | | | | | |
| | Quarter ended | March 31, 2024 | | | | 801.71 |
| | Quarter ended | March 31, 2023 | | | | 890.72 |
| | Year ended | March 31, 2024 | | | | 3,541.15 |
| | Year ended | March 31, 2023 | | | | 3,197.59 |
| Profit after tax | | | | | | |
| | Quarter ended | March 31, 2024 | | | | 3,153.21 |
| | Quarter ended | March 31, 2023 | | | | 2,515.13 |
| | Year ended | March 31, 2024 | | | | 10,934.91 |
| | Year ended | March 31, 2023 | | | | 9,210.93 |

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**(In ₹ Million)**

| **Particulars** | | | **BFSI** | **Healthcare & Life Sciences** | **Software, Hi-Tech and Emerging Industries** | **Total** |
|---|---|---|---|---|---|---|
| Segmental trade receivables (net) | | | | | | |
| | As at | March 31, 2024 | 4,657.36 | 3,106.66 | 9,727.29 | 17,491.31 |
| | As at | March 31, 2023 | 4,074.64 | 2,579.81 | 9,308.22 | 15,962.67 |
| Segmental Unbilled revenue | | | | | | |
| | As at | March 31, 2024 | 1,471.00 | 1,129.58 | 3,920.76 | 6,521.34 |
| | As at | March 31, 2023 | 1,170.86 | 802.11 | 2,698.26 | 4,671.23 |
| Unallocated assets | | | | | | |
| | As at | March 31, 2024 | - | - | - | 49,723.53 |
| | As at | March 31, 2023 | - | - | - | 46,096.90 |
| Unallocated liabilities | | | | | | |
| | As at | March 31, 2024 | - | - | - | 24,159.11 |
| | As at | March 31, 2023 | - | - | - | 27,080.02 |

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

**Geographical Information**

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

**(In ₹ Million)**

| **Particulars** | | | **India** | **North America** | **Rest of the World** | **Total** |
|---|---|---|---|---|---|---|
| Revenue | Quarter ended | March 31, 2024 | 2,596.05 | 20,365.93 | 2,943.29 | 25,905.26 |
| | Quarter ended | March 31, 2023 | 2,261.19 | 17,761.77 | 2,521.76 | 22,544.72 |
| | Year ended | March 31, 2024 | 9,747.39 | 77,087.28 | 11,381.20 | 98,215.87 |
| | Year ended | March 31, 2023 | 9,432.51 | 65,107.83 | 8,965.58 | 83,505.92 |

The revenue from individual customers in excess of ten percent of total revenue of the Group is ₹ 9,248.88 Million for the year ended March 31, 2024 (Previous year : ₹ 7,691.87 Million).

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### 32 (a) Financial assets and liabilities

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

In ₹ Million

| Financial assets/ Financial liabilities | March 31, 2024 | | | March 31, 2023 | | | Fair value hierarchy* |
|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost | |
| **Financial Assets:** | | | | | | | |
| Investments in equity instruments, preferred stock and convertible notes | 162.82 | - | - | 181.13 | - | - | Level 3 |
| Investments in bonds | - | - | - | - | - | 3,085.59 | |
| Investments in mutual funds | 5,113.25 | - | - | 3,134.94 | - | - | Level 2 |
| Loans | - | - | - | - | - | - | |
| Deposit with banks and financial institutions (net) | - | - | - | - | - | 4,922.43 | |
| Cash and cash equivalents (including unpaid dividend) | - | - | 6,628.07 | - | - | 4,673.17 | |
| Trade receivables (net) | - | - | 16,761.13 | - | - | 15,704.64 | |
| Foreign exchange forward contracts | - | 42.54 | - | - | - | - | Level 2 |
| Unbilled revenue | - | - | 6,521.34 | - | - | 4,671.23 | |
| Other non current financial assets | - | - | 410.90 | - | - | 383.36 | |
| Other current financial assets | - | - | - | - | - | - | |
| **Total Financial Assets** | **5,276.07** | **42.54** | **30,321.44** | **3,316.07** | **-** | **33,440.42** | |
| **Financial Liabilities:** | | | | | | | |
| Borrowings (including accrued interest) | - | - | 2,073.19 | - | - | 4,285.10 | |
| Trade payables | - | - | 8,138.62 | - | - | 5,689.08 | |
| Lease liabilities | - | - | 2,438.10 | - | - | 2,268.59 | |
| Other financial liabilities (excluding borrowings) | - | - | 6,182.82 | - | - | 12,071.78 | |
| Foreign exchange forward contracts | - | - | - | - | 67.67 | - | |
| **Total Financial Liabilities** | **-** | **-** | **18,832.73** | **-** | **67.67** | **24,314.55** | |

***Fair value hierarchy:**

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

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

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

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

**# Investments in bonds:**

In ₹ Million

| Particulars | March 31, 2024 | | | March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Face Value | Face Value | Cost | Face Value | No. of Units | Cost |
| Bonds carried at amortised cost | 1,000 | 1,355,898 | 1,627.80 | 1,000 | 1,405,898 | 1,681.82 |
| | 5,000 | 53,000 | 361.87 | 5,000 | 53,000 | 361.87 |
| | 1,000,000 | 906 | 961.47 | 1,000,000 | 906 | 961.47 |
| Total Cost | | | 2,951.14 | | | 3,005.16 |
| Designated as fair value through profit and loss | | | 78.70 | | | 80.43 |
| **Total investments carried at amortised cost** | | | **3,029.84** | | | **3,085.59** |

**33 Related party transactions**

Refer to the Group's annual financial statements for the year ended March 31, 2024 for the full names and other details of the Group's related parties.

The Parent Company's significant related party transactions during the year ended and outstanding balances as at March 31, 2024 and March 31, 2023 are with its subsidiaries and controlled trust with whom the Parent Company generally enters into transactions which are at arms length and in the ordinary course of business.

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**34. Contingent liabilities**

(In ₹ Million)

| Sr. No | | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| a) | **Claims against the company not acknowledged as debt*** | | |
| 1 | **Indirect tax matters** | | |
| | (i) In respect to the order passed by the Learned Principal Commissioner of Service Tax, Pune, for Service tax under import of services on reverse charge basis for the Financial Year 2014-15, the Parent Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017.<br>The Parent Company has paid ₹ 165.58 Million under protest towards the demand and the same forms part of the GST receivable balance.<br>If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Parent Company will be eligible to claim credit / refund for the amount paid. | 173.78 | 173.78 |
| | (ii) Other Pending litigations in respect of Indirect taxes. | 7.77 | 8.20 |
| 2 | **Income tax demands disputed in appellate proceedings** | 1,102.72 | 1,023.34 |
| b) | **Letter of Comfort on behalf of Subsidiaries** | | |
| | Letters of comfort on behalf of subsidiary USD 24.69 Million (Previous year : USD 51.69 Million) | 2,059.15 | 4,247.37 |

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

**35 Business Combination**

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

In case of acquisitions, the Goodwill is comprised of expected synergy benefit from combining operations and value of assembled work force which do not qualify for separate recognition. Deferred purchase consideration in form of Earnouts is payable upon achievement of revenue and gross margin thresholds as specified in the agreements. The estimated range of outcome of payment of the same is assumed at 90%.

**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 Parent 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 Parent Company,acquired 100% voting equity interest in MediaAgility Inc., USA and its subsidiaries in the UK, Mexico, and Singapore. This business combination is accounted by applying acquisition method.During the year ended March 31, 2023,the same was accounted on provisional basis availing the exemption under Ind AS 103.

MediaAgility is a global cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner. It provides cloud-native application development and modernization, analytics and AI, cloud engineering, migrations, and managed services to its clients.

During the period, the purchase price allocation was completed. Accordingly, at the acquisition date, the identifiable assets acquired,the liabilities assumed including contingent consideration are recognised at their acquisition date fair values as follows:

**Acquisition-date fair values of total purchase consideration:**

| Particulars | ₹ Million |
|---|---|
| Upfront consideration | 4,449.89 |
| Contingent consideration | 1,168.18 |
| **Total purchase consideration** | **5,618.07** |

**Acquisition-date fair values of assets acquired and liabilities assumed:**

| Particulars | In ₹ Million |
|---|---|
| **Assets** | |
| **Current assets** | |
| Cash & cash equivalents | 842.41 |
| Trade receivables | 1,130.77 |
| Other current assets | 116.96 |
| Other current financial assets | 1.88 |
| Current tax assets (net) | 208.82 |
| **Non-current assets** | |
| Property, plant and equipment | 11.62 |
| Customer relations | 1,548.49 |
| Goodwill | 3,322.19 |
| **Subtotal** | **7,183.14** |
| **Liabilities** | |
| **Current liabilities** | |
| Trade payables | 1,058.40 |
| Other current financial liabilities | 226.64 |
| Other current liabilities | 280.03 |
| **Subtotal** | **1,565.07** |
| | |
| **Net assets taken over** | **5,618.07** |

The goodwill of ₹ 3,322.19 Million (refer note 5.3) comprises the value of expected synergies arising from the acquisition and a customer list, which is not separately recognised. The customer list is non separable therefore, it does not meet the criteria for recognition as an intangible asset under Ind AS 38. Goodwill recognised is not expected to be deductible for income tax purposes.

The fair value of the trade receivables amounts to ₹ 1,130.77 Million. The gross amount of trade receivables is ₹ 1,154.69 Million. However, it is expected that the full contractual amounts can be collected except for ₹ 23.92 Million on account of preacquisition adjustments which will be recovered from the dues of selling shareholders.

Transaction costs of ₹ 56.47 Million and ₹ 118.69 Million have been expensed and are included in other expenses for the year ended March 31, 2022 and March 31, 2023 respectively.

Revenue of ₹ 2,495.99 Million for the year ended March 31, 2024 is included in the financial statements. The profit included for the year ended March 31, 2024 is ₹ 330.47 Million.

**Analysis of cash flows on acquisition:**

| Particulars | In ₹ Million# |
|---|---|
| Transaction costs of the acquisition (included in cash flows from operating activities)* | (175.16) |
| Net cash acquired with the subsidiary (included in cash flows from investing activities) | 842.41 |
| Payment made towards upfront consideration (included in cash flows from investing activities, net of tax) | (3,316.02) |

* Represents the expenditure incurred over the period of time on acquisition.

# Negative amount represents cash outflows

**Contingent consideration**

As part of the purchase agreement with the selling shareholders of Media Agility, a contingent consideration has been agreed. There will be additional cash payments to the selling shareholders of:

a)₹ 678.34 Million(undiscounted), if the Company as a result of the acquisition generates up to USD 39,998 Thousands of target net revenue in a 12-month period after the acquisition date,

b)₹ 678.34 Million(undiscounted), if the Company as a result of the acquisition generates up to USD 54,393 Thousands of target net revenue in a 12-month period after the acquisition date.

As at the acquisition date, the fair value of the contingent consideration was estimated to be ₹ 1,168.18 Million.

**Significant unobservable valuation inputs are provided below:**

| | |
|---|---|
| Assumed probability | 90% |
| Discount rate | 3% |

Significant increase / (decrease) in the probability would result in higher / (lower) fair value of the contingent consideration liability, while significant increase / (decrease) in the discount rate would result in lower / (higher) fair value of the liability.

As at March 31, 2024, the key performance indicators show that it is highly probable that the target will be achieved due to a significant expansion of the business and the synergies realised. The fair value of the contingent consideration measured as at March 31, 2024 reflects this development, amongst other factors and a re-measurement charge has been recognised through profit or loss. A reconciliation of fair value measurement of the contingent consideration liability (Level 3) is provided below:

| Particulars | ₹ Million |
|---|---|
| **Opening balance as at April 01, 2022** | **-** |
| Liability arising on business combination | 1,168.18 |
| Unrealised fair value changes recognised in profit or loss | 33.88 |
| Unrealied foreign exchange reinstatement loss | 88.41 |
| **Closing balance as at March 31, 2023** | **1,290.47** |
| | |
| **Opening balance as at April 01, 2023** | **1,290.47** |
| Unrealised fair value changes recognised in profit or loss | 20.79 |
| Payment during the year | (580.33) |
| Other adjustments | (100.44) |
| Unrealied foreign exchange reinstatement gain | 18.54 |
| **Closing balance as at March 31, 2024** | **649.03** |

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

37 Finance costs include interest on lease liability of ₹ 180.02 Million under finance costs (Previous year ₹ 137.86 Million) and notional interest on amounts due to selling shareholders ₹ 51.05 Million (Previous year ₹ 112.76 Million).

38 The Group has working capital facilities from banks on the basis of security of trade receivables. The quarterly statements of trade receivables filed by the Group with banks are in complete agreement with the books of accounts.

39 The Group has not received funds from any entities, including foreign entities (Funding Parties), with the understanding that the Group shall directly or indirectly, lend or invest in other persons or entities by or on behalf of the Funding Party (Ultimate Beneficiaries). Further, the Group has not provided any guarantee, security on behalf of the Ultimate Beneficiaries.

40 During the year Persistent Systems Germany GMBH ('PSG') (a wholly owned subsidiary of Persistent Systems Limited) has entered into restructuring arrangement and accordingly wholly owned subsidiaries Youperience GMBH and Parx Consulting GmbH are merged into Persistent Systems Germany GMBH with effect from September 01, 2023. Since both the entities are under common control of PSG, it falls under purview of appendix C of Ind-AS 103 accordingly accounting is done under pooling of interest method. This transaction does not have any impact on the consolidation.

41 During the year Persistent Systems Limited, Australia branch has entered into business transfer agreement and accordingly business of the Australia branchhas been transfered to Persistent Systems Australia Pty Ltd with effect from October 01, 2023. Since both the entities are under common control of PSL, it falls under purview of appendix C of Ind-AS 103 accordingly accounting is done under pooling of interest method. This transaction does not have any impact on the consolidation.

42 The Board of Directors of the Company at its meeting held on January 20, 2024, approved the Scheme of Merger of Capiot Software Private Limited (Wholly Owned Subsidiary) into Persistent Systems Limited, and accordingly, an application of Merger has been filed with the National Company Law Tribunal, Mumbai (NCLT) on March 22, 2024.

43 The Share Purchase Agreement ('SPA') for the transfer of the 100% shareholding of Persistent Systems UK Limited (subsidiary) from Aepona Group Limited, Ireland (subsidiary) to Persistent Systems Limited was executed on Tuesday, March 19, 2024.

44 During the year ended March 31, 2024, the group has done fair valuation of contingent consideration payable towards acquisition of business to the erstwhile shareholders of Data Glove Incorporated, Software Corporation International & SCI Fusion 360, LLC and Shree Partners. Based of the fair valuation, the liability has been adjusted by ₹ 743.03.

45 The Business Transfer Agreement has been executed for the transfer of the business of the UK Branch of the Company to Persistent Systems UK Limited effective from April 1, 2024. This transaction does not have any impact on the consolidation.

46 In respect of export incentives pertaining to previous periods amounting to ₹ 255.52 million, which have been refunded under protest with interest of ₹ 41.03 million, aggregating to ₹ 296.55 million, the Holding Company had filed an application with Directorate General of Foreign Trade (DGFT). The Parent Company believes that its services were eligible for the export incentives and the dispute is purely an interpretation issue given the highly technical nature. With the intention of avoiding litigation and settling the dispute, the Company had applied before the Settlement Commission for settlement of the case and had offered to forego ₹ 296.55 million. The Parent Company had recognized a provision of ₹ 296.55 million for the quarter ended 31 December 2022, which was presented as an "exceptional item" in the statement of profit and loss for that period. During the quarter, the Settlement Commission has approved the Parent Company's application and has settled the liability of ₹ 296.55 million including interest. As the amount has already been provided for in full by the Company, no further adjustment is necessary in these financial statements.

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

48 Previous period's / year's figures have been regrouped where necessary to conform to current period's classification. The impact of this such regrouping is not material to condensed interim financial statements.

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

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2024.04.21 21:40:58 +05'30'

**Shashi Tadwalkar**

Partner
Membership No. : 101797

Place : India
Date : April 21, 2024

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

Anand Deshpande
Anand Deshpande (Apr 21, 2024 10:37 EDT)

**Dr. Anand Deshpande**
Chairman and Managing Director
DIN: 00005721

Place : USA
Date : April 21, 2024

Sandeep Kalra
Sandeep Kalra (Apr 21, 2024 10:37 EDT)

**Sandeep Kalra**
Executive Director and Chief Executive Officer
DIN: 02506494

Place : USA
Date : April 21, 2024

PRAVEEN PURUSHOTTAM KADLE
Digitally signed by PRAVEEN PURUSHOTTAM KADLE
Date: 2024.04.21 20:29:03 +05'30'

**Praveen Kadle**
Independent Director
DIN: 00016814

Place : India
Date : April 21, 2024

Sunil Sapre
Sunil Sapre (Apr 21, 2024 10:41 EDT)

**Sunil Sapre**
Executive Director and Chief Financial Officer
DIN: 06475949

Place : USA
Date : April 21, 2024

Amit Atre
Amit Atre (Apr 21, 2024 10:39 EDT)

**Amit Atre**
Company Secretary

Membership No. A20507

Place : USA
Date : April 21, 2024