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Independent Auditor's Report

To the Members of Persistent Systems Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of **Persistent Systems Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including 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, the aforesaid standalone 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 state of affairs of the Company as at 31 March 2024, and its profit (including other comprehensive income), its cash flows and the 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 Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the 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.

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Key audit matter	How our audit addressed the key audit matter
<p>Accuracy of revenues and onerous obligations in respect of fixed-price contracts</p> <p>Refer Note 3.2 (a) to notes forming part of the standalone financial statements.</p> <p>The Company has entered into various fixed-price software development contracts, for which revenue is recognized by the Company 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:</p> <ul style="list-style-type: none"> • High inherent risk around accuracy of revenue, given the customized and complex nature of these contracts and significant involvement of information technology (IT) systems. • 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. • Identification and determination of onerous contracts and related obligations. • Determination of unbilled revenue receivables and unearned revenue related to these contracts as at end of reporting period. <p>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 provisions, as a key audit matter for the current year audit.</p>	<p>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:</p> <ul style="list-style-type: none"> • 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; • Evaluated the design and tested operating effectiveness of related internal financial manual controls and involved auditor's experts to-: <ul style="list-style-type: none"> ○ 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; ○ Test the IT controls over the completeness and accuracy of cost/efforts and revenue reports generated by the system; and ○ 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; • Selected a sample 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; • Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations; • Performed analytical procedures for reasonableness of incurred and estimated efforts; • Evaluated management's identification of onerous contracts based on estimates tested as above; and • Evaluated the appropriateness of disclosures made in the standalone financial statements with respect to revenue recognized during the year as required by applicable Indian Accounting Standards.

<p>Valuation of Employee Stock Option Plan ('ESOP')</p> <p>Refer note 3.3 (q) and note 34 to the standalone financial statements.</p> <p>The Company 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.</p> <p>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 over the vesting period of such options.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures relating to valuation of ESOP included but were not limited to the following:</p> <ul style="list-style-type: none">• Obtained an understanding of the terms and arrangements of Employee Stock Option Plans;• 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;• Evaluated competency and objectivity of valuation specialist hired by the management;• Reviewed the report from management's valuation specialist considered for valuation of options granted during the year;• Assessed the reasonableness of the management assumptions and estimates and verified the accuracy of inputs used for the valuation purpose on a sample basis;• Involved auditor's valuation expert to assist 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• Evaluated the appropriateness of disclosures made in the Standalone financial statements with respect to share based payments as required by applicable Indian Accounting Standards.
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Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors are responsible for the other information. Other information does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The 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 standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the 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 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 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 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;

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- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
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.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, 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 accompanying standalone financial statements;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in paragraph 17(g)(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 of the Company maintained in electronic mode has been maintained on servers physically located in India, on a daily basis.
 - c) The standalone financial statements dealt with by this report are in agreement with the books of account;

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- d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2024 and the operating effectiveness of such controls, refer to our separate report in Annexure B wherein we have expressed an unmodified opinion; and
- g) 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:
- i. The Company, as detailed in note 35 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2024;
 - ii. The Company 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 Company during the year ended 31 March 2024;
 - iv.
 - a. The management has represented that, to the best of its knowledge and belief, other than as disclosed in note 47 to the standalone 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 Company 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 Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, other than as disclosed in note 48 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company 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 as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us 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 Company during the year ended 31 March 2024 and until the date of this audit report is in compliance with section 123 of the Act.

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The final dividend paid by the 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 53 of the accompanying standalone financial statements and based on our examination which included test checks, except for instance mentioned below, the Company, 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 did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the exception given below:

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

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TADWALKAR
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SHASHI TADWALKAR
Date: 2024.04.21
21:24:44 +05'30'

Shashi Tadwalkar
Partner
Membership No.: 101797
UDIN: 24101797BKCPBF9008

Place: Pune
Date: 21 April 2024

Annexure A referred to in paragraph 16 of the Independent Auditor's Report of even date to the members of Persistent Systems Limited on the standalone financial statements for the year ended 31 March 2024

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, capital work-in-progress, and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment, capital work-in-progress, and relevant details of right-of-use assets under which the assets are physically verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment, capital work-in-progress, and relevant details of right-of-use assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in Note 4.1 to the standalone financial statements, are held in the name of the Company.
- (d) The Company has adopted cost model for its Property, Plant and Equipment including right-of-use assets and intangible assets. Accordingly, reporting under clause 3(i)(d) of the Order is not applicable to the Company.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.

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(b) As disclosed in Note 46 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of Rs. 5 crores by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods which were subject to audit, except for the following:

Name of the Bank / financial institution	Working capital limit sanctioned (In million)	Nature of current assets offered as security	Quarter	Information disclosed as per return (Amount in USD)	Information as per books of accounts (Amount in USD)	Difference
Citi Bank	150	Book Debts	Q1	97,054,762	201,433,344	104,378,582
Citi Bank	150	Book Debts	Q2	93,101,106	121,597,193	28,496,087
Citi Bank	150	Book Debts	Q3	87,562,490	117,329,472	29,766,982
Citi Bank	150	Book Debts	Q4	174,491,244	228,327,268	53,836,024

(iii) The Company has not made any investment or provided any guarantee or security to companies, firms, limited liability partnerships during the year. Further, the Company granted unsecured loans or advances in the nature of loans to other parties during the year, in respect of which:

(a) The Company has provided loans or advances in the nature of loans, to Subsidiaries /Others during the year as per details given below:

Particulars	Guarantees (In millions)	Security (In millions)	Loans (In millions)	Advances in the nature of loans (In millions)
Aggregate amount provided/granted during the year (Rs.):				
- Others (Loan to ESOP Trust)	-	-	1,602.97	-

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Balance outstanding as at balance sheet date in respect of above cases Rs.):				
- Others (Loan to ESOP Trust)	-	-	2,760	-

- (b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided, and terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company.
- (c) In respect of loans and advances in the nature of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular.
- (d) There is no overdue amount in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties.
- (e) The Company has not granted any loans or advances in the nature of loans which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan that existed as at the beginning of the year.
- (f) The Company has not granted any loan or advance in the nature of loan, which is repayable on demand or without specifying any terms or period of repayment.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans and investments made and guarantees and security provided by it, as applicable.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/ services / business activities. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

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- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹ in million)	Amount paid under protest (₹ in million)	Period to which the amount relates	Forum where dispute is pending	Remarks, If any
The Income Tax Act, 1961	Income tax	28.69	-	2009-10	Honourable High Court	-
The Income Tax Act, 1961	Income tax	17.03	-	2010-11	Honourable High Court	-
The Income Tax Act, 1961	Income tax	7.57	-	2012-13	Honourable High Court	-
The Income Tax Act, 1961	Income tax	21.84	21.84	2013-14	Honourable High Court	-
The Income Tax Act, 1961	Income tax	32.83	32.83	2014-15	Honourable High Court	-
The Income Tax Act, 1961	Income tax	7.02	1.50	2015-16	Honourable High Court	-
The Income Tax Act, 1961	Income tax	12.52	-	2008-09	Honourable High Court	-
The Income Tax Act, 1961	Income tax	2.03	-	2010-11	Honourable High Court	-
The Income Tax Act, 1961	Income tax	4.11	-	2012-13	Honourable High Court	-
The Income Tax Act, 1961	Income tax	6.73	3.36	2013-14	Commissioner (Appeals)	-
The Income Tax Act, 1961	Income tax	9.31	9.31	2014-15	Commissioner (Appeals)	-
The Income Tax Act, 1961	Income tax	23.42	-	2015-16	Commissioner (Appeals)	-

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The Income Tax Act, 1961	Income tax	277.22	-	2017-18	Commissioner (Appeals)	-
The Income Tax Act, 1961	Income tax	379.74	-	2018-19	Commissioner (Appeals)	-
The Income Tax Act, 1961	Income tax	164.32	-	2017-18	Income Tax Appellate Tribunal	-
The Income Tax Act, 1961	Income tax	79.38	-	2019-20	Commissioner (Appeals)	-
Maharashtra Value added Tax act, 2002	Sales Tax	6.58	6.58	2005-06, 2006-07, 2007-08, 2008-09, and 2014-15	Customs, Excise and Service Tax Appellate Tribunal.	-
Maharashtra Value added Tax act, 2002	Sales Tax	1.19	1.19	2010-11, 2016-17, and 2017-18	Joint Commissioner (Appeals) - VAT.	-
The Finance act, 1994	Service tax	173.78	165.58	FY 2014-15	Central Excise and Service Tax Appellate Tribunal	-

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.

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- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries.
- (x) (a) In our opinion and according to the information and explanations given to us, money raised by way of further public offer were applied for the purposes for which these were obtained.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us, the Company has received whistle blower complaints during the year, which have been considered by us while determining the nature, timing and extent of audit procedures.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system which is commensurate with the size and nature of its business as required under the provisions of section 138 of the Act.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

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- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information in the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxii) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

SHASHI
TADWALKAR

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SHASHI TADWALKAR
Date: 2024.04.21
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Shashi Tadwalkar
Partner
Membership No.: 101797

UDIN: 24101797BKCPBF9008

Place: Pune
Date: 21 April 2024

Annexure B Independent Auditor's Report on the internal financial controls with reference to the standalone 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 standalone financial statements of Persistent Systems Limited ('the Company') as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

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

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone 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. 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. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements 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 is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone

Persistent Systems Limited
Independent Auditor's Report on the Audit of the Standalone Financial Statements

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 standalone 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 standalone 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 standalone 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 standalone 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, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to standalone 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.

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

SHASHI
TADWALKAR
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SHASHI TADWALKAR
Date: 2024.04.21
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Shashi Tadwalkar
Partner
Membership No.: 101797

UDIN: 24101797BKCPBF9008

Place: Pune
Date: 21 April 2024

Persistent Systems Limited
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	4.1	3,872.54	4,563.45
Capital work-in-progress	4.2	326.65	156.31
Right of Use assets	4.3	1,424.26	1,509.11
Goodwill	4.4	236.00	236.00
Other Intangible assets	4.5	509.77	573.34
		<u>6,369.22</u>	<u>7,038.21</u>
Financial assets			
- Investments	5	14,081.58	12,145.56
- Trade receivables	11	260.94	107.71
- Loans	6	2,760.00	2,870.00
- Other financial assets	7	451.70	837.09
Deferred tax assets (net)	8	493.80	397.77
Other non-current assets	9	1,117.02	718.02
		<u>25,534.26</u>	<u>24,114.36</u>
Current assets			
Financial assets			
- Investments	10	2,623.06	1,879.66
- Trade receivables	11	16,829.46	10,498.27
- Cash and cash equivalents	12	3,258.83	1,236.45
- Bank balances other than cash and cash equivalents	13	3,240.49	4,173.35
- Other financial assets	14	4,360.89	4,340.49
Other current assets	15	4,673.04	2,745.38
		<u>34,985.77</u>	<u>24,873.60</u>
TOTAL		<u><u>60,520.03</u></u>	<u><u>48,987.96</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	16(a)	770.25	764.25
Other equity	16(b)	47,016.26	38,652.25
		<u>47,786.51</u>	<u>39,416.50</u>
LIABILITIES			
Non-current liabilities			
Financial liabilities			
- Borrowings	17	-	1.84
- Lease liabilities	18	943.10	1,086.87
Other non-current liabilities	22	25.51	9.93
Provisions	19	531.21	369.51
		<u>1,499.82</u>	<u>1,468.15</u>
Current liabilities			
Financial liabilities			
- Borrowings	17	1.87	1.91
- Lease liabilities	18	560.87	468.72
- Trade payables	20		
-total outstanding dues of micro enterprises and small enterprises		49.63	38.04
-total outstanding dues of creditors other than micro enterprises and small enterprises		2,638.18	1,327.52
- Other financial liabilities	21	402.27	668.46
Other current liabilities	22	5,251.57	2,980.12
Provisions	23	2,037.42	2,597.94
Current tax liabilities (net)		291.89	20.60
		<u>11,233.70</u>	<u>8,103.31</u>
TOTAL		<u><u>60,520.03</u></u>	<u><u>48,987.96</u></u>
Summary of material accounting policies	3		

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

As per our report of even date

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

SHASHI
TADWALKAR

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TADWALKAR
Date: 2024.04.21 21:21:19
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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 10:13 EDT)

Dr. Anand Deshpande
Chairman and Managing
Director

DIN: 00005721

Place: USA
Date : April 21, 2024

Sandeep Kalra

Sandeep Kalra (Apr 21, 2024 10:26 EDT)

Sandeep Kalra
Executive Director and
Chief Executive Officer

DIN: 02506494

Place: USA
Date : April 21, 2024

PRAVEEN

PURUSHOTTAM KADLE

AM KADLE

Praveen Kadle
Independent Director

DIN: 00016814

Place: India
Date : April 21, 2024

Digitally signed by
PRAVEEN
PURUSHOTTAM KADLE
Date: 2024.04.21
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Sunil Sapre

Sunil Sapre (Apr 21, 2024 10:15 EDT)

Sunil Sapre
Executive Director and
Chief Financial Officer

DIN: 06475949

Place: USA
Date : April 21, 2024

Amit Atre

Amit Atre (Apr 21, 2024 10:17 EDT)

Amit Atre
Company Secretary

Membership No. A20507

Place: USA
Date : April 21, 2024

Persistent Systems Limited
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	24	65,142.17	51,175.53
Other income	25	1,644.86	738.71
Total income (A)		66,787.03	51,914.24
Expenses			
Employee benefits expense	26.1	38,345.78	31,417.30
Cost of professionals	26.2	5,987.60	2,517.83
Finance costs		169.84	130.97
Depreciation and amortization expense	4.6	1,623.64	1,344.87
Other expenses	27	7,494.88	5,704.00
Total expenses (B)		53,621.74	41,114.97
Profit before exceptional item and tax (A - B)		13,165.29	10,799.27
Exceptional item			
Provision for export incentives (refer note 35)		-	296.55
Profit before tax		13,165.29	10,502.72
Tax expense			
Current tax		3,414.63	2,706.50
Deferred tax charge / (credit)		(105.99)	(115.06)
Total tax expense (refer note 30)		3,308.64	2,591.44
Profit for the year (C)		9,856.65	7,911.28
Other comprehensive income			
Items that will not be reclassified to profit or loss (D)			
- Remeasurements of the defined benefit liabilities / asset		(84.64)	(21.08)
- Income tax effect on above		21.29	5.31
		(63.35)	(15.77)
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
		29.61	(47.56)
Total other comprehensive income for the year (D) + (E)		(33.74)	(63.33)
Total comprehensive income for the year (C) + (D) + (E)		9,822.91	7,847.95
Earnings per equity share			
[Nominal value of share ₹5 (Previous year: ₹5)]	28		
Basic (In ₹)		64.06	51.76
Diluted (In ₹)		64.06	51.76
Summary of material accounting policies			
	3		

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

As per our report of even date

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

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

SHASHI
TADWALKAR

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SHASHI TADWALKAR
Date: 2024.04.21
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Anand Deshpande

Anand Deshpande (Apr 21, 2024 10:13 EDT)

Sandeep Kalra

Sandeep Kalra (Apr 21, 2024 10:26 EDT)

PRAVEEN
PURUSHOTAM
KADLE
TAM KADLE

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by PRAVEEN
PURUSHOTTAM
KADLE
Date: 2024.04.21
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Shashi Tadwalkar
Partner
Membership No.: 101797

Dr. Anand Deshpande
Chairman and Managing
Director

DIN: 00005721

Place: USA

Date : April 21, 2024

Sandeep Kalra
Executive Director and
Chief Executive Officer

DIN: 02506494

Place: USA

Date : April 21, 2024

Praveen Kadle
Independent Director

DIN: 00016814

Place: India

Date : April 21, 2024

Sunil Sapre

Sunil Sapre (Apr 21, 2024 10:15 EDT)

Amit Atre

Amit Atre (Apr 21, 2024 10:17 EDT)

Sunil Sapre
Executive Director and
Chief Financial Officer

DIN: 06475949

Place: USA

Date : April 21, 2024

Amit Atre
Company Secretary

Membership No. A20507

Place: USA

Date : April 21, 2024

Place: India
Date : April 21, 2024

Persistent Systems Limited**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2024**

	For the year ended	
	March 31, 2024 In ₹ Million	March 31, 2023 In ₹ Million
Cash flows from operating activities		
Profit before tax	13,165.29	10,502.72
Adjustments for:		
Interest income	(715.31)	(674.79)
Finance cost	169.84	130.97
Dividend income	(249.99)	-
Depreciation and amortization expense	1,623.64	1,344.87
Unrealised exchange (gain) / loss (net)	(211.55)	(226.38)
Exchange loss on derivative contracts	(70.63)	88.69
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents	(33.40)	(31.66)
Bad debts	59.66	46.11
Change in provision for expected credit loss / (gain) (net)	(15.95)	(4.46)
Employee stock compensation expenses	584.95	1,066.31
Remeasurements of the defined benefit liabilities / assets (before tax effects)	(84.64)	(21.08)
Excess provision in respect of earlier years written back	(0.14)	(0.95)
Profit on sale/ fair valuation of financial assets designated as FVTPL	(293.35)	(145.23)
(Profit) on sale of investments (net)	(36.45)	-
(Profit) / loss on sale of Property, plant and equipment (net)	(22.95)	(2.99)
Provision for export incentives (refer note 35)	-	296.55
Operating profit before working capital changes	13,869.02	12,368.68
Movements in working capital :		
(Increase) / Decrease in other non-current assets	(202.39)	33.29
Increase in other non current financial assets	(63.78)	(151.38)
Decrease / (Increase) in other current financial assets	482.92	(406.28)
Increase in other current assets	(1,932.42)	(1,302.05)
Increase in trade receivables	(6,444.32)	(6,007.16)
Increase in trade payables, current liabilities and non-current liabilities	3,510.81	3,149.56
(Decrease) / Increase in provisions	(389.66)	437.60
Operating profit after working capital changes	8,830.18	8,122.26
Direct taxes paid (net of refunds)	(3,122.05)	(2,923.97)
Net cash generated from operating activities	(A) 5,708.13	5,198.29
Cash flows from investing activities		
Payment towards capital expenditure (including intangible assets, capital advances and capital creditors)	(1,435.22)	(3,482.56)
Proceeds from sale of Property, plant and equipment	28.17	3.77
Proceeds from transfer of business undertaking	116.25	-
Disbursement of Loan to ESOP trust	(1,602.97)	(0.55)
Recovery of Loan to ESOP trust	1,712.97	652.55
Investment in wholly owned subsidiaries	-	(2,663.61)
Payable to selling shareholder	(10.07)	-
Purchase of bonds	(0.70)	(237.41)
Proceeds from sale of bonds	80.70	31.49
Investments in mutual funds	(50,470.37)	(37,249.34)
Proceeds from sale / maturity of mutual funds	48,786.33	39,766.37
Proceeds from maturity of bank deposits having original maturity over three months	938.84	1,776.36
Disposal / (Investment) in deposit with financial institutions	400.00	(400.00)
Interest received	759.32	702.24
Dividend received	249.99	-
Net cash used in investing activities	(B) (446.76)	(1,100.69)
Cash flows from financing activities		
Proceeds from issuance of share capital	1,607.80	-
Repayment of long term borrowings (refer note 17)	(1.84)	(1.86)
Payment of principal portion of lease liabilities	(520.39)	(343.05)
Payment of interest portion of lease liabilities	(147.50)	(119.73)
Dividend paid	(4,153.95)	(2,980.58)
Interest paid	(22.38)	(11.26)
Net cash used in financing activities	(C) (3,238.26)	(3,456.48)

Persistent Systems Limited
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2024

	For the year ended	
	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million
Net increase in cash and cash equivalents (A + B + C)	2,023.11	641.12
Cash and cash equivalents at the beginning of the year	1,236.45	563.67
Movement in cash and cash equivalent on account of transfer of business undertaking	(34.13)	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	33.40	31.66
Cash and cash equivalents at the end of the year	3,258.83	1,236.45
Components of cash and cash equivalents		
Cash on hand (refer note 12)	0.08	0.14
Balances with banks		
On current accounts # (refer note 12)	1,761.40	485.20
On saving accounts (refer note 12)	23.48	33.21
On Exchange Earner's Foreign Currency accounts (refer note 12)	1,401.87	638.90
On deposit account with maturity of less than three months (Refer note 12)	72.00	79.00
Cash and cash equivalents	3,258.83	1,236.45

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 3

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

As per our report of even date

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

SHASHI TADWALKAR
 Digitally signed by SHASHI TADWALKAR
 Date: 2024.04.21 21:22:15 +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 10:13 EDT)

Sandeep Kalra
 Sandeep Kalra (Apr 21, 2024 10:26 EDT)

Dr. Anand Deshpande
 Chairman and Managing Director

DIN: 00005721

Place: USA

Date : April 21, 2024

Sandeep Kalra
 Executive Director and Chief Executive Officer

DIN: 02506494

Place: USA

Date : April 21, 2024

Praveen Kadle
 Independent Director

DIN: 00016814

Place: India

Date : April 21, 2024

PRAVEEN PURUSHOTTAM KADLE
 Digitally signed by PRAVEEN PURUSHOTTAM KADLE
 Date: 2024.04.21 20:30:16 +05'30'

Sunil Sapre
 Sunil Sapre (Apr 21, 2024 10:15 EDT)

Amit Atre
 Amit Atre (Apr 21, 2024 10:17 EDT)

Sunil Sapre
 Executive Director and Chief Financial Officer

DIN: 06475949

Place: USA

Date : April 21, 2024

Amit Atre
 Company Secretary

Membership No. A20507

Place: USA

Date : April 21, 2024

Persistent Systems Limited**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024****A. Equity share capital**

(Refer note 16(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

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

B. Other equity

Particulars	Reserves and surplus					Items of other comprehensive income	Total
	General reserve	Share options outstanding reserve	Capital redemption reserve	Retained earnings	Securities premium	Effective portion of cash flow hedges	
Balance as at April 1, 2023	20,824.26	2,222.02	35.75	15,575.98	-	(5.76)	38,652.25
Profit for the year	-	-	-	9,856.65	-	-	9,856.65
Items recognised in / from other comprehensive income for the year	-	-	-	(84.64)	-	29.61	(55.03)
Income tax effect on above	-	-	-	21.29	-	-	21.29
Dividend	-	-	-	(4,153.95)	-	-	(4,153.95)
Transfer to general reserve	3,942.66	-	-	(3,942.66)	-	-	-
Adjustments towards employees stock options	1,087.56	(1,087.56)	-	-	-	-	-
Employee stock compensation expenses	-	584.95	-	-	-	-	584.95
Employee stock compensation expenses of subsidiaries	-	508.30	-	-	-	-	508.30
Premium on fresh issue of equity shares	-	-	-	-	1,601.80	-	1,601.80
Balance as at March 31, 2024	25,854.48	2,227.71	35.75	17,272.67	1,601.80	23.85	47,016.26

Particulars	Reserves and surplus					Items of other comprehensive income	Total
	General reserve	Share options outstanding reserve	Capital redemption reserve	Retained earnings	Effective portion of cash flow hedges		
Balance as at April 1, 2022	17,376.65	1,144.84	35.75	13,825.56	41.80	-	32,424.60
Profit for the year	-	-	-	7,911.28	-	-	7,911.28
Items recognised in / from other comprehensive income for the year	-	-	-	(21.08)	(47.56)	-	(68.64)
Income tax effect on above	-	-	-	5.31	-	-	5.31
Dividend	-	-	-	(2,980.58)	-	-	(2,980.58)
Transfer to general reserve	3,164.51	-	-	(3,164.51)	-	-	-
Adjustments towards employees stock options	283.10	(283.10)	-	-	-	-	-
Employee stock compensation expenses	-	1,066.31	-	-	-	-	1,066.31
Employee stock compensation expenses of subsidiaries	-	293.97	-	-	-	-	293.97
Balance at March 31, 2023	20,824.26	2,222.02	35.75	15,575.98	(5.76)	-	38,652.25

Summary of material accounting policies - Refer note 3

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

As per our report of even date

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

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2024.04.21 21:22:54 +05'30'

Shashi Tadwalkar
Partner

Membership No.: 101797

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

Anand Deshpande
Anand Deshpande (Apr 21, 2024 10:13 EDT)

Dr. Anand Deshpande
Chairman and Managing Director

DIN: 00005721

Place: USA
Date : April 21, 2024

Sandeep Kalra
Sandeep Kalra (Apr 21, 2024 10:26 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 20:30:35 +05'30'

Praveen Kadle
Independent Director

DIN: 00016814

Place: India
Date : April 21, 2024

Sunil Sapre **Amit Atre**
Sunil Sapre (Apr 21, 2024 10:15 EDT) Amit Atre (Apr 21, 2024 10:17 EDT)

Sunil Sapre
Executive Director and Chief Financial Officer

DIN: 06475949

Place: USA
Date : April 21, 2024

Amit Atre
Company Secretary

Membership No. A20507

Place: USA
Date : April 21, 2024

Place: India
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 recognized for equity-settled transactions at each reporting date until the employee share options are exercised / expired on which such amount is transferred to General reserve.

c) Capital redemption reserve

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

d) Retained earnings

This reserve represents undistributed accumulated earnings of the Company as on the balance sheet date.

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) 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.

g) Retained earnings

Retained earnings represent the amount of accumulated earnings of the Company which includes remeasurements of the defined benefit liabilities / asset.

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1 Nature of operations

Persistent Systems Limited (the "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. The company offers complete product life cycle services.

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

2 Basis of preparation

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

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS 34), as prescribed by Section 133 of the Companies Act 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 and guidelines issued by the Securities and Exchange Board of India (SEBI). These financial statements do not include all the information required for a complete set of financial statements under the applicable financial reporting framework. The financial statements are presented in ₹ Million (Functional currency of the company) unless otherwise specified.

3 Material accounting policy information**3.1 Use of estimates and judgements**

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

3.2 Critical accounting estimates**a) Revenue recognition**

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

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

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

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

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

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

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

b) Income taxes

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

c) Business combination

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

d) Property, plant and equipment

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

e) Leases

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

f) Provisions and contingent liabilities

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

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 Company'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.

3.3 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 Company'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 and their realisation in cash and cash equivalents. Based on the nature of products / services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months.

b) Property, plant and equipment

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

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

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

c) Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization 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 cost 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 Company can demonstrate:

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

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

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

d) Depreciation and amortization

Depreciation on Property, plant and equipment is provided from the date the asset is made available 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 to Companies Act 2013.

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

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

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

Where the Company is a lessee

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

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

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

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

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

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

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

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

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

g) Impairment of Non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

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

Goodwill is tested for impairment 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 company is of the view that it is not practical to reasonably allocate the same and an ad-hoc allocation will not be meaningful.

Based on the testing, no impairment was identified as at March 31, 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 Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

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

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

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 other comprehensive income.

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

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

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

Investments in subsidiaries

Investment in subsidiaries are carried at cost.

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 Company has not designated any financial liability as FVTPL.

Derivative financial instruments

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

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

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

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

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

Derivatives which do not qualify for hedge accounting are accounted classified as FVTPL.

Derecognition

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

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

Financial guarantee contracts

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

Fair value of financial instruments

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

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

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

Impairment of financial assets

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

For trade receivables, the Company recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. 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 recognised upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services. The Company's contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

Income from software services and products

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

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

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

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

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

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

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

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

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

Interest

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

Dividend

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

Contract balances

Contract assets

Contract assets are recognised when there are excess of revenue 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 revenue.

j) Foreign currency translation

Foreign currency transactions and balances

The functional currency of the company is ₹ (INR).

Initial recognition

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

Conversion

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

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 company presents the financial statements in INR. For the purpose of the financial statements, the assets and liabilities of the company'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 Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the eligible salary of the entitled employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the period / year when the contributions are due. The Company 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 Company for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation 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 company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. 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 company presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement 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 Company'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 Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

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

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

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

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be 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 recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

m) Segment reporting

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

n) Earnings per share (EPS)

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

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

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

o) Provisions

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

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

q) Share based payments

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

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

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

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

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

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

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) Dividend

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

t) 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 Company recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in the acquired business, and
- Acquisition-date fair value of any previous equity interest in the acquired business over the fair value of the net identifiable assets acquired is recognized as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase is recognized directly in equity as capital reserve.

Business combinations between entities under common control is accounted for 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.

u) Goodwill/ Gain on bargain purchase

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

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 Company'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 Company 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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Persistent Systems Limited

Notes forming part of financial statements

4.1 Property, plant and equipment

	Land- Freehold	Buildings*	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (at cost)									(In ₹ Million)
As at April 1, 2023	991.53	2,810.72	3,813.34	64.99	1,946.07	20.79	889.44	15.88	10,552.76
Additions	-	15.12	162.56	6.22	156.48	-	1.59	0.19	342.16
Disposals	-	0.32	244.10	4.04	45.44	-	14.06	1.26	309.22
Disposal on account of merger (Refer Note 49)	-	-	3.96	-	-	-	-	-	3.96
As at March 31, 2024	991.53	2,825.52	3,727.84	67.17	2,057.11	20.79	876.97	14.81	10,581.74
Accumulated depreciation									
As at April 1, 2023	-	1,360.64	2,724.48	53.95	1,273.79	20.79	548.38	7.28	5,989.31
Charge for the year	-	121.30	649.40	4.43	172.24	-	76.72	2.12	1,026.21
Disposals	-	0.32	239.31	4.02	45.24	-	13.92	1.26	304.07
Disposal on account of merger (Refer Note 49)	-	-	2.25	-	-	-	-	-	2.25
As at March 31, 2024	-	1,481.62	3,132.32	54.36	1,400.79	20.79	611.18	8.14	6,709.20
Net block									
As at March 31, 2024	991.53	1,343.90	595.52	12.81	656.32	-	265.79	6.67	3,872.54

	Land- Freehold	Buildings*	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (at cost)									(In ₹ Million)
As at April 1, 2022	206.92	2,389.08	3,273.91	58.00	1,389.40	20.79	557.84	7.27	7,903.21
Additions	784.61	421.84	613.26	7.24	565.57	-	334.45	8.64	2,735.61
Disposals	-	0.20	73.83	0.25	8.90	-	2.85	0.03	86.06
As at March 31, 2023	991.53	2,810.72	3,813.34	64.99	1,946.07	20.79	889.44	15.88	10,552.76
Accumulated depreciation									
As at April 1, 2022	-	1,253.87	2,156.39	50.81	1,180.30	20.79	501.49	5.95	5,169.60
Charge for the year	-	106.95	641.16	3.39	102.39	-	49.74	1.36	904.99
Disposals	-	0.18	73.07	0.25	8.90	-	2.85	0.03	85.28
As at March 31, 2023	-	1,360.64	2,724.48	53.95	1,273.79	20.79	548.38	7.28	5,989.31
Net block									
As at March 31, 2023	991.53	1,450.08	1,088.86	11.04	672.28	-	341.06	8.60	4,563.45

* Note: Building includes 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)

Persistent Systems Limited**Notes forming part of financial statements****4.2 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	156.31	1,071.02
Additions	512.50	1,820.90
Capitalised during the year	342.16	2,735.61
Balance at end of year	326.65	156.31

Capital work in progress ageing schedule

	(In ₹ Million)				
	Amount in capital work in progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	247.84	78.81	-	-	326.65
As at March 31, 2024	247.84	78.81	-	-	326.65

	(In ₹ Million)				
	Amount in capital work in progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	156.31	-	-	-	156.31
As at March 31, 2023	156.31	-	-	-	156.31

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Persistent Systems Limited

Notes forming part of financial statements

4.3 Right of use assets

(In ₹ Million)

	Office premises	Leasehold land	Total
Gross block (at cost)			
As at April 1, 2023	1,828.92	131.97	1,960.89
Additions	321.27	-	321.27
As at March 31, 2024	2,150.19	131.97	2,282.16
Accumulated depreciation			
As at April 1, 2023	448.56	3.22	451.78
Charge for the year	404.58	1.54	406.12
As at March 31, 2024	853.14	4.76	857.90
Net block			
As at March 31, 2024	1,297.05	127.21	1,424.26

(In ₹ Million)

	Office premises	Leasehold land	Total
Gross block (at cost)			
As at April 1, 2022	808.27	37.50	845.77
Additions	1,029.55	94.47	1,124.02
Disposals	8.90	-	8.90
As at March 31, 2023	1,828.92	131.97	1,960.89
Accumulated depreciation			
As at April 1, 2022	172.38	1.76	174.14
Charge for the year	279.02	1.46	280.48
Disposals	2.84	-	2.84
As at March 31, 2023	448.56	3.22	451.78
Net block			
As at March 31, 2023	1,380.36	128.75	1,509.11

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Persistent Systems Limited**Notes forming part of financial statements****4.4 Goodwill**

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Balance at beginning of year	236.00	-
Addition on purchase price allocation of business combination (refer note 38)	-	236.00
Balance at end of year	236.00	236.00

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 :

Segment	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
a. Banking, Financial Services and Insurance (BFSI)	-	-
b. Healthcare & Life Sciences	-	-
c. Software, Hi-Tech and Emerging Industries	236.00	236.00
Operating segments without significant goodwill	-	-
Total	236.00	236.00

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%	10%
Operating margins	10% to 22%	10% to 18%
Discount rate	17%	7%

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's current operations.

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

4.5 Other Intangible assets

	Software	Acquired contractual rights	Total (In ₹ Million)
Gross block			
As at April 1, 2023	784.41	652.64	1,437.05
Additions	127.74	-	127.74
Disposals	0.03	-	0.03
As at March 31, 2024	912.12	652.64	1,564.76
Accumulated Amortization			
As at April 1, 2023	538.59	325.12	863.71
Charge for the year	135.59	55.72	191.31
Disposals	0.03	-	0.03
As at March 31, 2024	674.15	380.84	1,054.99
Net block			
As at March 31, 2024	237.97	271.80	509.77

Persistent Systems Limited
Notes forming part of financial statements

	(In ₹ Million)			
	Software	Acquired contractual rights	Provisional Intangible Assets	Total
Gross block				
As at April 1, 2022	987.10	261.74	626.90	1,875.74
Additions	188.01	-	-	188.01
Adjustment due to purchase price allocation				
- Goodwill	-	-	(236.00)	(236.00)
- Acquired Contractual Rights	-	390.90	(390.90)	-
Disposals	390.70	-	-	390.70
As at March 31, 2023	784.41	652.64	-	1,437.05
Accumulated Amortization				
As at April 1, 2022	821.98	261.74	11.29	1,095.01
Charge for the year	107.31	25.47	26.62	159.40
Adjustment due to change in purchase consideration	-	37.91	(37.91)	-
Disposals	390.70	-	-	390.70
As at March 31, 2023	538.59	325.12	-	863.71
Net block				
As at March 31, 2023	245.82	327.52	-	573.34

Acquired contractual rights acquired through DataGlove acquisition, having carrying amount of ₹ 237.13 million and remaining amortisation period of 5 years as on March 31, 2024.

Acquired contractual rights acquired through Shree Partner acquisition, having carrying amount of ₹ 34.67 million and remaining amortisation period of 4 years as on March 31, 2024.

4.6 Depreciation and amortization expense

	(In ₹ Million)	
	For the year ended	
	March 31, 2024	March 31, 2023
On Property, plant and equipment	1,026.21	904.99
On Right of use assets	406.12	280.48
On Other intangible assets	191.31	159.40
	1,623.64	1,344.87

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Persistent Systems Limited

Notes forming part of financial statements

5. Non-current financial assets : Investments

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Investments carried at cost		
Unquoted investments		
Investments in equity instruments		
- In wholly owned subsidiary companies (Refer note 33)		
Persistent Systems, Inc. 702 million (Previous year: 702 million) shares of USD 0,10 each, fully paid up	4,729.74	4,729.74
Persistent Systems Pte Ltd, 0,50 million (Previous year: 0,50 million) shares of SGD 1 each, fully paid up	15,50	15,50
Persistent Systems France SAS 1,50 million (Previous year: 1,50 million) shares of EUR 1 each, fully paid up	97,47	97,47
Persistent Systems Malaysia Sdn, Bhd, 5,45 million (Previous year: 5,45 million) shares of MYR 1 each, fully paid up	102,25	102,25
Persistent Systems Germany GmbH 16,73 million (Previous year: 16,73 million) shares of EUR 1 each, fully paid up	1,719,40	1,719,40
CAPIOT Software Private Limited 0,19 million (Previous year: 0,19) shares of Rs, 10 each, fully paid up	483,71	483,71
Media Agility India Private Limited 3,21 million (Previous year: 3,21 million) shares of Rs, 10 each, fully paid up	971,45	971,45
Persistent Systems UK Limited 12,39 Million (Previous year : Nil) shares of EUR 1 each, fully paid up,	782,01	-
Total investments carried at cost (A)	8,901,53	8,119,52
Investments carried at amortised cost		
Quoted Investments		
In bonds (Refer Note 31) [Market value ₹ 2,758,25 million (Previous year ₹ 2,852,78 million)]	2,916,91	3,005,16
Add: Interest accrued on bonds	78,70	80,43
Total investments carried at amortised cost (B)	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 5 (a))	2,178,44	934,45
	2,178,44	934,45
-Others*		
Altizon Systems Private Limited 3,766 equity shares (Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up	6,00	6,00
	6,00	6,00
Total investments carried at fair value (C)	2,184,44	940,45
Total investments (A) + (B) + (C)	14,081,58	12,145,56
Aggregate provision for diminution in value of investments	-	-
Aggregate amount of quoted investments	2,995,61	3,085,59
Aggregate amount of unquoted investments	11,085,97	9,059,97

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

5 (a) Details of fair value of non current investment in mutual funds

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Axis Mutual Fund	526,58	491,04
Bandhan Mutual Fund (formerly known as IDFC Mutual Fund)	442,81	412,76
HDFC Mutual Fund	185,54	30,65
DSP Mutual Fund	155,66	-
HSBC Mutual Fund	155,43	-
Kotak Mutual Fund	152,75	-
SBI Mutual Fund	152,65	-
ICICI Prudential Mutual Fund	152,57	-
Aditya Birla Sun Life Mutual Fund	152,53	-
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	101,92	-
	2,178,44	934,45

Persistent Systems Limited
Notes forming part of financial statements

6. 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, considered good		
Loan to ESOP trust	2,760.00	2,870.00
	<u>2,760.00</u>	<u>2,870.00</u>
Unsecured, credit impaired		
Inter-corporate deposit	0.58	0.58
Less: Impairment	(0.58)	(0.58)
	<u>-</u>	<u>-</u>
	<u>2,760.00</u>	<u>2,870.00</u>

7. 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 Bank (refer note 13)*	3.99	41.60
Add: Interest accrued but not due on deposits with Bank (refer note 13)	0.24	0.98
	<u>4.23</u>	<u>42.58</u>
Deposits with financial institutions	100.00	500.00
Add: Interest accrued but not due on deposit with financial institutions	10.18	20.22
	<u>110.18</u>	<u>520.22</u>
Security deposits	337.29	274.29
Considered good (A)	<u>451.70</u>	<u>837.09</u>
Credit impaired		
Deposits 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)
Credit impaired (B)	<u>-</u>	<u>-</u>
Total (A+B)	<u>451.70</u>	<u>837.09</u>

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

8. Deferred tax assets (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 other intangible assets	16.73	68.53
Capital gains (net)	44.15	22.82
Cash flow hedges	8.02	-
	<u>68.90</u>	<u>91.35</u>
Deferred tax assets		
Provision for leave encashment	223.08	147.86
Provision for long service awards	127.54	101.60
Allowance for expected credit loss	18.95	19.83
Tax credit	-	57.95
Provision for Gratuity	14.72	-
Right of use asset and lease liability	61.13	42.66
Cash flow hedges	-	1.94
Provisions for doubtful investment	117.28	117.28
	<u>562.70</u>	<u>489.12</u>
Deferred tax assets (net)	<u>493.80</u>	<u>397.77</u>

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	In ₹ Million 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	68.53	(51.80)	-	16.73
Capital gains (net)	22.82	21.33	-	44.15
Cash flow hedges	(1.94)	-	9.96	8.02
	<u>89.41</u>	<u>(30.47)</u>	<u>9.96</u>	<u>68.90</u>
Deferred tax assets				
Provision for leave encashment	147.86	(75.22)	-	223.08
Provision for long service awards	101.60	(25.94)	-	127.54
Allowance for expected credit loss	19.83	0.88	-	18.95
Provision for Gratuity	-	(14.72)	-	14.72
Tax credit	57.95	57.95	-	-
Right of use asset and lease liability	42.66	(18.47)	-	61.13
Provisions for doubtful investment	117.28	-	-	117.28
	<u>487.18</u>	<u>(75.52)</u>	<u>-</u>	<u>562.70</u>
	<u>397.77</u>	<u>(105.99)</u>	<u>9.96</u>	<u>493.80</u>

Persistent Systems Limited

Notes forming part of financial statements

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

				In ₹ Million
	As at April 1, 2022	Charge/ (Credit) in statement of Profit or loss	Credit/ (Charge) in other comprehensive 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	87.05	(18.52)	-	68.53
Capital gains (net)	51.11	(28.29)	-	22.82
Cash flow hedges	14.06	-	(16.00)	(1.94)
	152.22	(46.81)	(16.00)	89.41
Deferred tax assets				
Provision for leave encashment	125.68	(22.18)	-	147.86
Provision for long service awards	67.97	(33.63)	-	101.60
Allowance for expected credit loss	21.19	1.36	-	19.83
Tax credit	56.61	(1.34)	-	57.95
Right of use asset and lease liability	30.21	(12.45)	-	42.66
Provisions for doubtful investment	117.28	-	-	117.28
	418.94	(68.24)	-	487.18
	266.72	(115.05)	(16.00)	397.77

9. Other non current assets

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Capital advances (Unsecured, considered good)	823.00	626.39
Prepayments	128.27	91.63
Simple Agreement for Future Equity (SAFE)	165.75	-
	1,117.02	718.02

10. 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 'a' below)	2,623.06	1,879.66
Total carrying amount of investments	2,623.06	1,879.66
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	2,623.06	1,879.66

10(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	364.28	195.74
Kotak Mutual Fund	311.66	200.12
HDFC Mutual Fund	303.47	200.17
Tata Mutual Fund	234.14	50.02
DSP Mutual Fund	195.10	50.00
Axis Mutual Fund	173.71	195.72
Bandhan Mutual Fund (formerly known as IDFC Mutual Fund)	157.51	100.10
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
Sundaram mutual fund	40.05	30.01
HSBC Mutual Fund	40.05	50.00
ICICI Prudential Mutual Fund	30.02	245.54
Invesco Mutual Fund	20.03	50.03
	2,623.06	1,879.66

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Persistent Systems Limited**Notes forming part of financial statements****12. 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 on hand	0.08	0.14
Balances with banks		
On current accounts#	1,761.40	485.20
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	72.00	79.00
	3,258.83	1,236.45

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.

13. 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*	3,143.46	4,082.30
Add: Interest accrued but not due on deposits with banks	98.34	130.58
Deposits with banks (carried at amortised cost)	3,241.80	4,212.88
Less: Deposit with maturity more than twelve months from the Balance Sheet date disclosed under non-current financial assets (refer note 7)	(3.99)	(41.60)
Less: Interest accrued but not due on non-current deposits with banks (refer note 7)	(0.24)	(0.98)
	3,237.57	4,170.30
Balances with banks on unpaid dividend accounts**	2.92	3.05
	3,240.49	4,173.35

* Out of the balance, fixed deposits of ₹ 2,365.78 million (Previous year : ₹ 1216.85 million) have been earmarked against credit facilities and bank guarantees availed by the Company.

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

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Persistent Systems Limited**Notes forming part of financial statements****14. 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		
Advances to related parties (Unsecured, considered good) (refer note 33)		
Persistent Systems, Inc.	101.25	123.10
Persistent Systems France SAS	0.80	0.69
Persistent Telecom Solutions Inc.	0.64	0.17
Persistent Systems Malaysia Sdn. Bhd.	0.13	0.07
Persistent Systems Lanka (Private) Limited	0.30	0.24
Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	17.28	6.40
PARX Consulting GmbH	-	0.09
Persistent Systems Australia Pty Limited	0.30	-
CAPIOT Software Private Limited	0.02	-
Youperience Limited	-	0.04
Persistent Systems Mexico, S.A. de C.V	1.64	1.38
Youperience GmbH	0.04	0.04
Persistent Systems Pte. Ltd.	0.41	0.41
Aepona Group Limited	-	0.08
Persistent Systems Germany GmbH	0.71	0.54
Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	0.20	0.09
Persistent Systems Costa Rica Limitada (Formerly known as Data Glove IT Solutions Limitada)	1.25	-
MediaAgility India Private Limited	0.01	49.33
MediaAgility UK Ltd	2.56	0.76
Persistent Systems S.R.L. Romania	-	1.91
	127.54	185.34
Unbilled revenue	4,190.71	4,138.95
Security deposits	0.10	0.10
Other receivables (Unsecured, considered good)	-	16.10
	4,360.89	4,340.49

15. Other current assets

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Advances to suppliers (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	1,155.71	801.31
Prepayments	649.98	780.75
Excess fund balance with Life Insurance Corporation (Refer Note 29)	-	53.31
Deferred finance cost	61.82	-
Other advances (Unsecured, considered good)		
VAT receivable (net)	20.97	22.10
Service tax and GST receivable (net) (refer note 35 (a))	2,784.56	1,087.91
	2,805.53	1,110.01
	4,673.04	2,745.38

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16(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 Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and longterm and other strategic investment plans. The funding requirements are met through equity, borrowings and operating cash flows generated. The Company 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 Million equity shares having a face value of ₹ 5 each aggregating to ₹ 2,000 Million, and the paid-up capital comprises 154.05 Million equity shares having a face value of ₹ 5 each aggregating to ₹ 770.25 Million. 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 Company 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 Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors of Persistent Systems Limited, at its meeting held on January 20, 2024, declared an interim dividend of ₹ 16 per equity share of face value of ₹ 5 each for the Financial Year 2023-24.

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

Dividend distribution made and proposed:

	For the year ended	
	March 31, 2024 In ₹ Million	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. Dividend per equity share disclosed in above note represents dividends declared previously, retrospectively adjusted for the April 2024 share split.

Persistent Systems Limited**Notes forming part of financial statements****c) Aggregate number 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 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 Company

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%	0.00%
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	-	1,760	1,760	0.00%	100%
Mr. Chinmay Hemadri Buzruk	20,000	-	20,000	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%	-
Mr. Chinmay Hemadri Buzruk	20,000	-	20,000	0.01%	-

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16(b). Other equity

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Reserves and Surplus		
General reserve	25,854.48	20,824.26
Share options outstanding reserve	2,227.71	2,222.02
Capital redemption reserve	35.75	35.75
Retained earnings	17,272.67	15,575.98
Securities premium	1,601.80	-
Items of other comprehensive income		
Effective portion of cash flow hedges	23.85	(5.76)
	47,016.26	38,652.25

(i) General reserve

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Opening Balance	20,824.26	17,376.65
Transfer to general reserve	3,942.66	3,164.51
Adjustments towards employees stock options	1,087.56	283.10
	25,854.48	20,824.26

(ii) 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	584.95	1,066.31
Employee stock compensation expenses of subsidiaries	508.30	293.97
	2,227.71	2,222.02

(iii) Retained earnings

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Opening Balance	15,575.98	13,825.56
Profit for the year	9,856.65	7,911.28
Items recognised in / from other comprehensive income for the year	(84.64)	(21.08)
Income tax effect on above	21.29	5.31
Dividend	(4,153.95)	(2,980.58)
Transfer to general reserve	(3,942.66)	(3,164.51)
	17,272.66	15,575.98

(iv) 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	-
	1,601.80	-

(v) 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)

17. Non-current financial liabilities : Borrowings

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Unsecured 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
	1.87	3.75
Less: Current maturity of long-term borrowings	(1.85)	(1.85)
Less: Current maturity of interest accrued but not due on term loan	(0.02)	(0.06)
	(1.87)	(1.91)
	-	1.84

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

Loan amounting to ₹ 1.85 million (Previous year ₹ 3.69 million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from October 2015.

18. Lease liabilities

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Lease liabilities	1,503.97	1,555.59
Less: Current portion of lease liabilities	(560.87)	(468.72)
	943.10	1,086.87

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	March 31, 2023 In ₹ Million
Opening balance	1,555.59	758.26
Additions	321.27	1,029.55
Deletions	-	(8.90)
Add: Interest recognised during the year	147.50	119.73
Less: Payments made	(520.39)	(343.05)
Closing balance	1,503.97	1,555.59

19. Non current liabilities : Provisions

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Provision for employee benefits		
- Gratuity	58.49	-
- Long service awards	472.72	369.51
	531.21	369.51

Persistent Systems Limited**Notes forming part of financial statements****20. Trade payables**

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Trade payables for goods and services*				
-total outstanding dues of micro enterprises and small enterprises	49.63		38.04	
-total outstanding dues of creditors other than micro enterprises and small enterprises	2,638.18		1,327.52	
	2,687.81		1,365.56	

*Includes dues payable to related parties (refer note 33)

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

The information as required to be disclosed pursuant under the Micro, Small and Medium Enterprises Development Act, 2006

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Amount remaining unpaid:				
Principal	49.63		38.04	
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.	-		-	

Persistent Systems Limited**Notes forming part of financial statements****Trade payables Ageing Schedule**

	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	2,625.50	7.38	2.41	2.89	2,638.18
As At March 31, 2024	2,675.13	7.38	2.41	2.89	2,687.81

	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	38.04	-	-	-	38.04
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,280.35	4.24	5.95	36.98	1,327.52
As At March 31, 2023	1,318.39	4.24	5.95	36.98	1,365.56

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Persistent Systems Limited**Notes forming part of financial statements****21. Other current financial liabilities**

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Capital creditors	61.57	338.67
Accrued employee liabilities	328.59	206.85
Unpaid dividend *	2.92	3.05
Other liabilities	9.19	8.40
Liability towards contingent consideration (refer note 38)	-	43.21
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	-	67.67
Advance from related parties (Unsecured, considered good)		
Persistent Systems Israel Ltd. (refer note 33)	-	0.61
	-	0.61
	402.27	668.46

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

22. Other liabilities

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Unearned revenue	530.99	302.30
Advance from customers	56.09	54.48
Other payables		
- Statutory liabilities	1,171.73	668.55
Payable to related companies (refer note 33)	3,381.47	1,774.07
-Current		
Others*	111.29	180.72
	5,251.57	2,980.12
-Non Current		
Others	25.51	9.93
	5,277.08	2,990.05

*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.

23. Current liabilities : Provisions

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Provision for employee benefits		
- Leave encashment	886.38	587.47
- Long service awards	34.02	34.18
- Other employee benefits	1,117.02	1,976.29
	2,037.42	2,597.94

Persistent Systems Limited

Notes forming part of financial statements

24. Revenue from operations (refer note 33)

	For the year ended	
	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million
Software services	64,101.34	50,623.78
Software licenses	1,040.83	551.75
	65,142.17	51,175.53

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 Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	For the year ended	
	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million
Revenue by industry segments		
Banking, Financial Services and Insurance (BFSI)	9,648.14	9,051.57
Healthcare & Life Sciences	7,679.84	6,751.17
Technology Companies and Emerging Verticals	47,814.20	35,372.79
Total	65,142.18	51,175.53
Geographical disclosure		
India	9,060.81	8,442.14
North America	48,702.96	37,045.21
Rest of the World	7,378.40	5,688.18
Total	65,142.18	51,175.53
Onsite / offshore / IP Led		
IP Led	1,619.37	1,206.03
Offshore	59,197.31	48,183.52
Onsite	4,325.50	1,785.98
Total	65,142.18	51,175.53

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Company expects to recognise 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 recognised 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.

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

	For the year ended	
	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million
Revenue as per contract price	65,142.17	51,175.53
Discount	-	-
Revenue from contract with customers	65,142.17	51,175.53

Changes in contract assets are as follows:

	For the year ended	
	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million
Balance at the beginning of the year	4,138.95	3,533.05
Invoices raised that were included in the contract assets balance at the beginning of the year	(4,138.95)	(3,533.05)
Increase due to revenue recognised during the year, excluding amounts billed during the year	4,190.71	4,138.95
Balance at the end of the year	4,190.71	4,138.95

Persistent Systems Limited

Notes forming part of financial statements

Changes in unearned and deferred revenue are as follows:

	For the year ended	
	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million
Balance at the beginning of the year	302.30	258.31
Revenue recognised that was included in the unearned revenue balance at the beginning of the year	(281.62)	(240.27)
Increase due to revenue recognised during the year, excluding amounts billed during the year	510.31	284.26
Balance at the end of the year	530.99	302.30

25. Other income

	For the year ended	
	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million
Interest income		
- On deposits carried at amortised cost	261.45	281.55
- On Loan given to ESOP Trust	245.55	193.39
- On Others**	208.31	199.85
Dividend income from investments*	249.99	-
Other non-operating income		
Foreign exchange gain (net)	209.51	(146.32)
Profit on sale of Property, plant and equipment (net)	22.95	2.99
Profit on sale of investments (net)	36.45	-
Net profit on sale/ fair valuation of financial assets designated as FVTPL	293.35	145.23
Excess provision in respect of earlier years written back	0.14	0.95
Miscellaneous income	117.16	61.07
	1,644.86	738.71

*includes dividend received from investment in wholly owned subsidiaries. (Refer note 33)

**includes interest income received from related party (Refer Note 33)

26. Personnel expenses

	For the year ended	
	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million
26.1 Employee benefits expense		
Salaries, wages and bonus	34,663.68	28,190.17
Contribution to provident and other funds* (refer note 29)	1,809.06	1,443.48
Staff welfare expense	1,288.09	717.34
Share based payments to employees (refer note 34)	584.95	1,066.31
	38,345.78	31,417.30
26.2 Cost of professionals		
- Related parties (refer note 33)	4,615.53	1,564.89
- Others	1,372.07	952.94
	5,987.60	2,517.83
	44,333.38	33,935.13

* Includes gratuity and leave encashment.

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Persistent Systems Limited

Notes forming part of financial statements

27. Other expenses*

	For the year ended	
	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million
Travelling and conveyance	655.81	602.33
Electricity expenses (net)	124.56	104.09
Internet link expenses	86.79	58.21
Communication expenses	47.44	66.76
Recruitment expenses	138.81	257.17
Training and seminars	155.21	108.60
Purchase of software licenses and support expenses	3,136.92	2,030.95
Bad debts	59.66	46.11
Reversal of allowance for expected credit loss (net)	(15.95)	(4.46)
Rent (refer note 32)	98.74	103.10
Insurance	71.45	34.39
Rates and taxes	51.60	56.55
Legal and professional fees	377.28	310.64
Repairs and maintenance		
- Plant and Machinery	154.92	110.07
- Buildings	33.77	32.41
- Others	27.23	21.84
Selling and marketing expenses	1,730.07	1,376.05
Advertisement, conference and sponsorship fees	19.72	12.63
Computer consumables	15.28	6.43
Auditors' remuneration (refer note 41)	12.33	9.80
Corporate social responsibility expenditure (refer note 37)	175.45	117.60
Books, memberships, subscriptions	5.71	3.40
Directors' sitting fees	8.20	8.00
Directors' commission	34.11	27.95
Miscellaneous expenses	289.77	203.38
	7,494.88	5,704.00

* Includes expenses incurred with related parties (refer note 33)

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Persistent Systems Limited

Notes forming part of financial statements

28. Earnings per share

		For the year ended	
		March 31, 2024	March 31, 2023
<u>Numerator for Basic and Diluted EPS</u>			
Net Profit after tax (In ₹ Million)	(A)	9,856.65	7,911.28
<u>Denominator for basic and diluted EPS</u>			
Weighted average number of equity shares	(B)	153,871,858	152,850,000
Basic and diluted earnings per share of face value of ₹5 each (In ₹)	(A/B)	64.06	51.76

		For the year ended	
		March 31, 2024	March 31, 2023
Number of shares considered as basic weighted average shares outstanding		152,850,000	152,850,000
Add: Effect of dilutive issues of stock options		1,021,858	-
Number of shares considered as weighted average shares and potential shares outstanding		153,871,858	152,850,000

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Persistent Systems Limited

Notes forming part of financial statements

29. Defined benefits and contribution obligation:

a) Defined benefits Plan - Gratuity

The Company has a defined benefit gratuity plan. Each employee is eligible for gratuity on completion of minimum five years of service at 15 days basic salary (last drawn basic salary) for each completed year of service. The scheme is 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	305.21	193.38
Interest cost on benefit obligation	93.54	81.02
Expected return on plan assets	(99.74)	(86.68)
Net benefit expense	299.01	187.72
Net actuarial loss recognized in the year	76.90	40.10
Due to Demographic assumptions	-	-
Due to Financial assumptions	50.06	(64.18)
Due to Experience assumptions	26.84	104.28

Balance sheet

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

	(In ₹ Million)	
	For the year ended	
	March 31, 2024	March 31, 2023
Opening fair value of plan assets	1,331.69	1,226.00
Expected return on plan assets	99.74	86.68
Adjustment to expected return	(7.74)	19.01
Contribution by employer	271.85	-
Benefits paid	(152.22)	-
Closing fair value of plan assets	1,543.32	1,331.69

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

	(In ₹ Million)	
	For the year ended	
	March 31, 2024	March 31, 2023
Opening defined benefit obligation	1,278.38	1,183.81
Interest cost	93.54	81.02
Current service cost	305.21	193.38
Benefits paid	(152.22)	(219.93)
Actuarial losses on obligation	76.90	40.10
Closing defined benefit obligation	1,601.81	1,278.38

Benefit asset/ (liability)

	(In ₹ Million)	
	As at	
	March 31, 2024	March 31, 2023
Fair value of plan assets	1,543.32	1,331.69
(Less) : Defined benefit obligations	(1,601.81)	(1,278.38)
Plan asset	(58.49)	53.31

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%

Persistent Systems Limited

Notes forming part of financial statements

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

	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% PS: 1 to 3 : 15% PS: 3 to 4 : 10% PS: 4 to 5 : 5% PS: 5 to 7 : 6% PS: 7 to 10 : 4% PS:10 to 50 : 2%	PS: 0 to 1 : 17% PS: 1 to 3 : 15% PS: 3 to 4 : 10% PS: 4 to 5 : 5% PS: 5 to 7 : 6% PS: 7 to 10 : 4% PS:10 to 50 : 2%
Increment rate	6.00%	6.00%
Weighted average duration of the defined benefit obligation (Years)	13.26	13.53

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 increase in compensation levels. 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.

Every percentage point increase / decrease in discount rate will change the gratuity benefit obligation to approximately ₹ 1,427.69 million / ₹ 1,809.91 million (previous year: ₹ 1,143.07 million / ₹ 1,439.42 million) respectively.

Every percentage point increase / decrease in rate of increase in compensation levels will change the gratuity benefit obligation to approximately ₹ 1,740.00 million / ₹ 1,485.70 million (previous year: ₹ 1,372.27 million / ₹ 1,198.85 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:

	As at	
	March 31, 2024	March 31, 2023
Plan assets	1,543.32	1,331.69
Defined benefit obligation	(1,601.81)	(1,278.38)
Surplus	(58.49)	53.31
Experience adjustments on plan liabilities - loss/ (gain)	76.90	40.10

Maturity Profile of defined benefit obligations:

	As at	
	March 31, 2024	March 31, 2023
Within 1 year	71.41	58.89
1-2 years	67.76	65.29
2-3 years	74.01	63.55
3-4 years	118.18	67.86
4-5 years	94.28	104.42
5-10 years	520.64	405.87
Above 10 years	3,631.05	2,884.76

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.

Persistent Systems Limited

Notes forming part of financial statements

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 Company 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 Company has certain defined contribution plans. Contributions are made to provident fund for employees @ 12% of Basic salary as per regulation. The contributions are made to registered provident fund administered by the government. The obligation of the 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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Persistent Systems Limited**Notes forming part of financial statements****30. 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	13,165.29	10,502.72
Enacted tax rate in India	25.17%	25.17%
Computed tax expense at enacted tax rate	3,313.44	2,643.32
Effect of exempt income	(125.84)	(55.39)
Effect of non-deductible expenses	47.59	34.14
Effect of concessions (R&D allowance)	57.95	(1.34)
Tax charge in respect of earlier years	-	-
Effect of different tax rates for different heads of income	1.87	(0.07)
Others	13.63	(29.22)
Income tax expense	3,308.64	2,591.44

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Persistent Systems Limited
Notes forming part of financial statements

31. (a) Financial assets and liabilities

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

Financial assets/ Financial liabilities	March 31, 2024			March 31, 2023			Fair value hierarchy*		
	FVTPL	FVTOCI	Amortised Cost	Cost	FVTPL	FVTOCI		Amortised Cost	Cost
Financial Assets:									
Investments in subsidiaries and associates	-	-	-	8,901.53	-	-	-	8,119.52	Level 3
Investments in equity instruments	6.00	-	-	-	6.00	-	-	-	-
Investments in bonds #	-	-	2,995.61	-	-	-	3,085.59	-	Level 2
Investments in mutual funds	4,801.50	-	-	-	2,814.11	-	-	-	-
Loans	-	-	2,760.00	-	-	-	2,870.00	-	-
Deposit with banks and financial institutions (including interest accrued but not due on deposits with banks)	-	-	3,351.98	-	-	-	4,733.10	-	-
Cash and cash equivalents (including unpaid dividend)	-	-	3,261.75	-	-	-	1,239.50	-	-
Trade receivables (net)	-	-	16,829.46	-	-	-	10,498.27	-	-
Forward contracts receivable	-	42.54	-	-	-	-	-	-	Level 2
Unbilled revenue	-	-	4,190.71	-	-	-	4,138.95	-	-
Other non current financial assets	-	-	337.29	-	-	-	274.29	-	-
Other current financial assets	-	-	127.64	-	-	-	201.54	-	-
Total Financial Assets	4,807.50	42.54	33,854.44	8,901.53	2,820.11	-	27,041.24	8,119.52	
Financial Liabilities:									
Borrowings (including accrued interest)	-	-	1.87	-	-	-	3.75	-	-
Trade payables	-	-	2,687.81	-	-	-	1,365.56	-	-
Lease liabilities	-	-	1,503.97	-	-	-	1,555.59	-	-
Other financial liabilities (excluding borrowings)	-	-	402.27	-	-	-	644.00	-	-
Total Financial Liabilities	-	-	4,595.92	-	-	-	3,566.90	-	

***Fair value hierarchy:**

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

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

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

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

Investments in bonds:

Particulars	March 31, 2024		March 31, 2023	
	Face Value	No. of Units	Face Value	No. of Units
Bonds carried at amortised cost	1,000	1,325,898	1,000	1,435,898
	5,000	53,000	5,000	53,000
	1,000,000	906	1,000,000	906
Total Cost		2,916.91		3,005.16
Add: Interest accrued on bonds		78.70		80.43
Total investments carried at amortised cost		2,995.61		3,085.59

In ₹ million

Persistent Systems Limited

Notes forming part of financial statements

Financial risk management

Financial risk factors and risk management objectives

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors which provide written principles on foreign exchange hedging. The Company'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 Company. The Company's Risk Management Committee monitors risks and policies implemented to mitigate risk exposures.

Market risk

The Company operates globally with its operations spread across various geographies and consequently the Company is exposed to foreign exchange risk. Around 70% to 90% of the Company's foreign currency exposure is in USD. The Company holds plain vanilla forward contracts against expected receivables in USD to mitigate the risk of changes in exchange rates.

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

	USD	EUR	GBP	Other currencies	Total
Trade receivables	11,771.08	634.33	1,071.51	207.69	13,684.60
Cash and cash equivalents and bank balances	1,617.22	13.77	94.62	114.84	1,840.45
Investments	5,854.68	2,756.22	-	126.94	8,737.84
Other financial assets (including loans and interest accrued)	102.58	1.80	31.58	5.30	141.26
Trade and other payables	653.86	119.72	88.42	343.27	1,205.27
Other liabilities	2,027.45	668.80	-	-	2,696.26

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

	USD	EUR	GBP	Other currencies	Total
Trade receivables	8,046.09	470.93	842.63	163.91	9,523.56
Cash and cash equivalents and bank balances	648.67	16.96	171.71	107.93	945.27
Investments	5,768.33	1,629.03	-	132.53	7,529.89
Other financial assets (including loans and interest accrued)	124.90	1.79	9.15	3.60	139.44
Trade and other payables	34.23	122.76	68.45	98.85	325.29
Other liabilities	1,372.85	1.62	6.20	2.55	1,383.22

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Persistent Systems Limited

Notes forming part of financial statements

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 on foreign currency exposure would affect the Company's profit before tax margin (PBT) by approximately 0.31 % and 0.32% 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 period and the current reporting period.

Derivative financial instruments

The Company 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 Company 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)
Derivatives designated as cash flow hedges				
Forward contracts	260,00	84.16	21,881.33	230,00
USD				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)
Not later than 3 months	64,00	83.72	5,357.97	55,00
Later than 3 months and not later than 6 months	70,00	84.03	5,882.04	63,00
Later than 6 months and not later than 9 months	63,00	84.55	5,326.58	56,00
Later than 9 months and not later than 12 months	63,00	84.36	5,314.74	56,00
Total	260,00		21,881.33	230,00
				80.82
				4,445.22
				82.60
				5,203.67
				83.95
				4,701.05
				83.96
				4,701.56
				19,051.50

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Persistent Systems Limited

Notes forming part of financial statements

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 17,090.40 million and ₹ 10,605.98 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 Company by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables. The policy takes into account available external and internal credit risk factors and the Company'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:

	As at	
	March 31, 2024	March 31, 2023
Receivables overdue for more than 90 days (₹ million)*	1,043.48	428.35
Total receivables (gross) (₹ million)	17,153.98	10,684.77
Overdue for more than 90 days as a % of total receivables	6.1%	4.0%

* Out of this amount, ₹ 63.58 million (March 31, 2023: ₹ 78.79 million) have been provided for.

Ageing of trade receivables

	(In ₹ Million)	
	As at March 31, 2024	As at March 31, 2023
Within the credit period	7,919.41	7,253.69
1 to 30 days past due	1,231.89	2,582.63
31 to 60 days past due	2,430.40	326.71
61 to 90 days past due	4,528.80	93.39
91 to 120 days past due	169.97	107.02
121 and above past due	873.51	321.33
Less: Expected credit loss	(63.58)	(78.79)
Net trade receivables	17,090.40	10,605.98

Movement in expected credit loss allowance

	(In ₹ Million)	
	As at March 31, 2024	As at March 31, 2023
Opening balance	78.79	84.21
Movement in expected credit loss allowance	(15.95)	(4.46)
Translation differences	0.74	(0.96)
Closing balance	63.58	78.79

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

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Persistent Systems Limited

Notes forming part of financial statements

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The investment of surplus funds is governed by the Company's investment policy approved by the Board of Directors. The Company believes that the working capital is sufficient to meet its current fund requirements. Accordingly, no liquidity risk is perceived. As at March 31, 2024, the Company had a working capital of ₹ 23,752.07 million including cash and cash equivalents and current fixed deposits of ₹ 6,398.30 million and current investments of ₹ 2,623.06 million. As at March 31, 2023, the Company had a working capital of ₹ 16,770.29 million including cash and cash equivalents and current fixed deposits of ₹ 5,277.15 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)			
	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)	1.87	-	1.91	1.84
Trade payables and deferred payment liabilities	2,687.81	-	1,365.56	-
Lease liabilities	560.87	1,177.39	468.72	1,388.13
Other financial liabilities (excluding borrowings)	402.27	-	668.46	-

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.

Particulars	In ₹ Million	
	As at March 31, 2024	As at March 31, 2023
Borrowings	1.87	3.75
Other financial liabilities	402.27	668.46
Total Debt:	404.14	672.21
Less : Cash and cash equivalents and bank balances other than cash and cash equivalents	6,499.32	5,409.80
Net Debt #	(6,095.18)	(4,737.59)
Total equity	47,786.51	39,416.50
Total Capital	47,786.51	39,416.50
Gearing Ratio (in %)	-12.76%	-12.02%

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

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31. (b) 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:

	As at March 31, 2024			As at 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
	1617.22	USD 19.39	83.40	648.67	USD 7.89	82.17
	94.62	GBP 0.9	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	16.96	EUR 0.19	89.36
	1.46	AUD 0.03	54.17	25.77	AUD 0.47	54.92
	9.59	ZAR 2.19	4.37	-	-	-
Investments	5,854.68	USD 70.20	83.40	5,768.33	USD 70.20	82.17
	30.88	SGD 0.50	61.75	30.89	SGD 0.50	61.78
	2,756.22	EUR 30.62	90.01	1,629.03	EUR 18.23	89.36
	96.06	MYR 5.45	17.63	101.64	MYR 5.45	18.65
Trade and other payables	10.50	SGD 0.17	61.75	5.31	SGD 0.09	61.78
	653.86	USD 7.84	83.40	34.23	USD 0.42	82.17
	88.42	GBP 0.84	105.27	68.45	GBP 0.67	101.64
	30.69	CAD 0.5	61.38	19.01	CAD 0.31	60.63
	119.72	EUR 1.33	90.01	122.76	EUR 1.37	89.36
	143.00	AUD 2.64	54.17	11.19	AUD 0.2	54.92
	1.84	CHF 0.02	92.11	1.16	CHF 0.01	89.64
	59.44	MXN 11.82	5.03	2.83	MXN 0.62	4.54
	45.48	MYR 2.58	17.63	45.96	MYR 2.46	18.65
	12.38	LKR 44.47	0.28	14.39	LKR 57.18	0.25
	1.67	CRC 10.01	0.17	-	-	-
	13.53	PLN 0.65	20.82	-	-	-
	23.69	RON 1.31	18.08	-	-	-
	1.00	JPY 1.81	0.55	-	-	-
	0.04	ZAR 0.01	4.37	-	-	-
Advances given and deposits placed	102.58	USD 1.23	83.40	124.90	USD 1.52	82.17
	31.58	GBP 0.3	105.27	9.15	GBP 0.09	101.64
	1.80	EUR 0.02	90.01	1.79	EUR 0.02	89.36
	0.18	MYR 0.01	17.63	0.07	MYR 0.004	18.65
	0.03	CAD 0.0005	61.38	0.04	CAD 0.001	60.63
	0.18	CHF 0.002	92.11	0.09	CHF 0.001	89.64
	1.08	AUD 0.02	54.17	0.55	AUD 0.01	54.92
	0.30	LKR 1.08	0.28	0.24	LKR 0.95	0.25
	0.62	SGD 0.01	61.75	0.62	SGD 0.01	61.78
	-	-	-	1.99	RON 0.11	18.13
	1.25	CRC 7.49	0.17	-	-	-
	1.66	MXN 0.33	5.03	-	-	-
Advances received	2,027.45	USD 24.31	83.40	1372.85	USD 16.71	82.17
	-	-	-	1.94	CAD 0.03	60.63
	668.80	EUR 7.43	90.01	1.62	EUR 0.02	89.36
	-	-	-	6.20	GBP 0.06	101.64
	-	-	-	0.61	ILS 0.03	22.80
Trade receivables	11,771.08	USD 141.14	83.40	5,498.82	USD 66.92	82.17
	634.33	EUR 7.05	90.01	470.93	EUR 5.27	89.36
	1,071.51	GBP 10.18	105.27	842.63	GBP 8.29	101.64
	165.99	AUD 3.06	54.17	129.62	AUD 2.36	54.92
	15.71	SGD 0.25	61.75	6.80	SGD 0.11	61.78
	12.38	ZAR 2.83	4.37	23.85	ZAR 5.18	4.60
	2.81	CAD 0.05	61.38	3.64	CAD 0.06	60.63
	0.88	CHF 0.01	92.11	-	-	-
	4.06	JPY 7.36	0.55	-	-	-
	5.87	MYR 0.33	17.63	-	-	-

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32. 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	560.87	468.72
- One to five years	1,177.39	1,388.13

The company 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 ₹ 98.74 million for the year ended March 31, 2024 (Previous year ₹ 103.10 million).

The company has adopted Ind AS 116, Leases; and has recognized notional interest on lease liability of ₹ 147.50 million under finance costs for year ended March 31, 2024 (Previous year ₹ 119.73 Million).

The aggregate depreciation on ROU assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss. (Refer note 4.6)

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33. Related party disclosures**(i) Names of related parties and related party relationship****Related parties where control exists**

Subsidiaries	
	Persistent Systems, Inc., USA (Wholly owned subsidiary)
(Refer note 3 of consolidated financial statement for list of subsidiaries and ownership %)	Persistent Systems Pte Ltd., Singapore (Wholly owned subsidiary)
	Persistent Systems France SAS, France (Wholly owned subsidiary)
	Persistent Systems Malaysia Sdn. Bhd., Malaysia (Wholly owned subsidiary)
	Persistent Systems Germany GmbH., Germany (PSG) (Wholly owned subsidiary)
	CAPIOT Software Private Limited, India (Wholly owned subsidiary)
	MediaAgility India Private Limited, India (Wholly owned subsidiary)
	Persistent Systems UK Limited. (Formerly known as Aepona Limited) (Wholly owned subsidiary w.e.f March 19, 2024)
	Persistent Telecom Solutions Inc., USA (Wholly owned subsidiary of Persistent Systems, Inc.)
	CAPIOT Software Inc., USA (Dissolved w.e.f December 29, 2023) (Wholly owned subsidiary of Persistent Systems, Inc.)
	Persistent Systems S.R.L. Italy (Dissolved w.e.f February 26, 2024) (Wholly owned subsidiary of Persistent Systems, Inc.)
	Aepona Group Limited, Ireland (Wholly owned subsidiary of Persistent Systems, Inc.)
	Persistent Systems Mexico, S.A. de C.V., Mexico (Wholly owned subsidiary of Persistent Systems Inc.)
	Persistent Systems Israel Ltd., Israel (Wholly owned subsidiary of Persistent Systems Inc.)
	Software Corporation International LLC., USA (Wholly owned subsidiary of Persistent Systems Inc.)
	Fusion 360 LLC., USA (Dissolved w.e.f May 31, 2023) (Wholly owned subsidiary of Persistent Systems Inc.)
	MediaAgility Inc., USA (Wholly owned subsidiary of Persistent Systems Inc.)
	MediaAgility UK Limited, UK (Wholly owned subsidiary of MediaAgility Inc.)
	Digitalagility S de RL de CV, Mexico (Wholly owned subsidiary of MediaAgility Inc.)
	MediaAgility Pte Ltd, Singapore (Wholly owned subsidiary of MediaAgility Inc.)
	Persistent Systems Poland Sp. z o.o., Poland (Acquired w.e.f April 5, 2023) (Wholly owned subsidiary of Persistent Systems Inc.)
	Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd) (Wholly owned subsidiary of Persistent Systems Inc.)
	Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) (Wholly owned subsidiary of Persistent Systems Germany GmbH)
	Youperience GmbH, Germany (Merged into PSG w.e.f August 21, 2023) (Wholly owned subsidiary of Persistent Systems Germany GmbH)
	Persistent Systems Costa Rica Limitada (formerly known as Data Glove IT Solutions Limitada, Costa Rica) (Wholly owned subsidiary of Persistent Systems Germany GmbH)
	Persistent Systems S.R.L. Romania (Wholly owned subsidiary of Persistent Systems Germany GmbH)
	CAPIOT Software Pte Limited, Singapore (Dissolved w.e.f April 6, 2023) (Wholly owned subsidiary of CAPIOT Software Inc.)
	Persistent Systems Lanka (Private) Limited, Sri Lanka (Wholly owned subsidiary of Aepona Group Limited)
	PARX Consulting GmbH, Germany (Merged into PSG w.e.f August 21, 2023) (Wholly owned subsidiary of Persistent Systems Switzerland AG)
	Youperience Limited, UK (Dissolved w.e.f June 27, 2023) (Wholly owned subsidiary of Youperience GmbH)

Persistent Systems Limited

Notes forming part of financial statements

33. Related party disclosures**Related parties with whom transactions have taken place**

Key management personnel	<p>Dr. Anand Deshpande, Chairman and Managing Director Mr Sandeep Kalra, Executive Director and Chief Executive Officer * Mr. Sunil Sapre, Executive Director and Chief Financial Officer Mr. Amit Atre, Company Secretary Ms. Roshini Bakshi, Independent Director Mr. Pradeep Bhargava, Independent Director (Retired wef July 19, 2022) Dr. Anant Jhingran, Independent Director (Retired wef November 20, 2022) Mr. Thomas Kendra, Non executive non independent director (Retired wef July 19, 2022) Mr. Guy Eiferman, Independent Director (Retired wef July 19, 2022) Dr. Deepak Phatak, Independent Director (Retired wef April 2, 2023) Ms. Avani Davda, Independent Director Mr. Praveen Kadle, Independent Director Mr. Arvind Goel, Independent Director (Appointed on June 7, 2022) Mr. Ambuj Goel, Independent Director (Appointed on June 7, 2022) Mr. Danil Lewin, Independent Director (Appointed on June 10, 2022) Dr. Ajit Ranade, Independent Director (Appointed on June 6, 2023)</p>
Relatives of Key management personnel	<p>Mr. Suresh Deshpande (Father of the Chairman and Managing Director) Mrs. Sulabha Deshpande (Mother of the Chairman and Managing Director) Mrs. Sonali Anand Deshpande (Wife of the Chairman and Managing Director) Dr. Mukund Deshpande \$ (Brother of the Chairman and Managing Director) Mrs. Chitra Buzruk \$ (Sister of the Chairman and Managing Director) Mr. Arul Deshpande** (Son of the Chairman and Managing Director) Mrs. Asha Sapre (Wife of the Executive Director and Chief Financial Officer) Mr. Yeshwant Sapre (Father of the Executive Director and Chief Financial Officer) Mr. Aditya Phatak (Son of Independent Director) Mr. Hemant Bakshi (Husband of Independent Director) Mrs. Alpana Ajit Ranade (Wife of Independent Director)</p>
Members of Promoter Group	Rama Purushottam Foundation
Entities over which a key management personnel has significant influence	Persistent Foundation
Controlled Trust	PSPL ESOP Management Trust

(ii) Related party transactions

	Name of the related party and nature of relationship	(In ₹ Million)		
		For the year ended		
		March 31, 2024	March 31, 2023	
Sale of software services	Subsidiaries			
	Persistent Systems, Inc.	22,733.96	18,232.01	
	Persistent Systems Malaysia Sdn. Bhd.	65.14	91.67	
	Persistent Systems Pte Ltd	24.15	-	
	Persistent Systems France SAS	14.66	47.54	
	Persistent Telecom Solutions Inc.	92.60	168.23	
	Persistent Systems Germany GmbH	210.79	54.46	
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	162.89	4.27	
	Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	-	0.96	
	Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)	213.34	5.70	
	MediaAgility India Private Limited	219.92	54.59	
	MediaAgility Inc.	235.61	94.70	
	MediaAgility UK Limited	22.11	8.31	
	MediaAgility Pte Ltd	-	0.17	
	Persistent Systems S.R.L. Romania	-	1.28	
	Total	23,995.17	18,763.89	
Investment in wholly owned subsidiary	Subsidiaries			
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	782.01	-	
	Persistent Systems, Inc.	-	1,681.48	
	Persistent Systems Germany GmbH	-	453.49	
	Media Agility India Pvt Ltd (Acquired wef April 29, 2022)	-	971.45	
	Total	782.01	3,106.42	
Interest income	Subsidiaries			
	Persistent Systems Germany GmbH	-	4.95	
	Total	-	4.95	
Dividend Income	Subsidiaries			
	MediaAgility India Private Limited	249.99	-	
	Total	249.99	-	
Cost of professionals	Subsidiaries			
	Persistent Systems, Inc.	3,980.82	1,201.77	
	Persistent Systems France SAS	30.54	33.82	
	Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)	127.88	-	
	Persistent Systems Malaysia Sdn. Bhd.	123.46	144.31	
	Persistent Telecom Solutions Inc.	73.91	27.29	
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	-	14.84	
	Persistent Systems Lanka (Private) Limited	81.00	69.13	
	Persistent Systems Mexico, S.A. de C.V.	68.93	16.02	
	Persistent Systems Germany GmbH	25.84	16.44	
	PARX Consulting GmbH	1.61	0.22	
	Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	7.25	6.69	
	Persistent Systems Pte Ltd	16.54	13.31	
	Youperience GmbH	2.19	2.28	
	Youperience Limited	-	0.20	
	Persistent Systems S.R.L. Romania	78.31	18.57	
	Persistent Systems Poland Sp. z o.o.	256.27	-	
	Persistent Systems Costa Rica Limitada (Formerly known as Data Glove IT Solutions Limitada)	5.05	-	
		Total	4,879.60	1,564.89
	Profit on sale of investments (net)	Subsidiary		
Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)		36.45	-	
	Total	36.45	-	
Selling and marketing expenses	Subsidiaries			
	Persistent Systems, Inc.	1,723.75	1,376.05	
	Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)	6.31	-	
	Total	1,730.06	1,376.05	
Commission received on corporate guarantee	Subsidiary			
	Persistent Systems, Inc.	6.33	10.08	
	Total	6.33	10.08	
Travelling and conveyance	Subsidiary			
	Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	-	0.08	
	Total	-	0.08	

(ii) Related party transactions

	Name of the related party and nature of relationship	(In ₹ Million)	
		For the year ended	
		March 31, 2024	March 31, 2023
Remuneration # (Salaries, bonus and contribution to PF)	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*	3.16	3.16
	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. Danil Lewin \$	5.65	3.23
Dr. Ajit Ranade ^	4.73	-	
Relatives of Key Management Personnel			
Mr. Arul Deshpande **	0.02	0.15	
Total	264.17	187.29	
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	
Loan Given	Controlled Trust		
	PSPL ESOP Management Trust	1,602.97	0.55
Total	1,602.97	0.55	
Recovery of Loan given	Controlled Trust		
	PSPL ESOP Management Trust	1,712.97	652.55
Total	1,712.97	652.55	
Interest received	Controlled Trust		
	PSPL ESOP Management Trust	245.55	193.39
Total	245.55	193.39	
Employee stock compensation - Reimbursement	Subsidiaries		
	Persistent Systems Inc.	508.30	293.97
	Total	508.30	293.97
Donation given	Entity over which a key management personnel has significant influence		
	Persistent Foundation	175.45	117.50
Total	175.45	117.50	

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. Danil Lewin has been appointed wef June 10, 2022, Ms. Avani Davda has joined with effect from December 21, 2021.

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

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

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. All other outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There are no guarantees and letters of comfort provided for subsidiaries. For the year ended 31 March 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2023: Nil).

Persistent Systems Limited

Notes forming part of financial statements

(iii) Outstanding balances

(In ₹ Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2024	March 31, 2023
Advances given	Subsidiaries		
	Persistent Systems, Inc.	101.25	123.10
	Persistent Systems France SAS	0.80	0.69
	Persistent Telecom Solutions Inc.	0.64	0.17
	Persistent Systems Lanka (Private) Limited	0.30	0.24
	Persistent Systems Malaysia Sdn. Bhd	0.13	0.07
	Persistent Systems México, S.A. de C.V.	1.64	1.38
	Persistent Systems Germany GmbH	0.71	0.54
	PARX Consulting GmbH	-	0.09
	Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	0.20	0.09
	Youperience GmbH	0.04	0.04
	Youperience Limited	-	0.04
	Persistent Systems Pte. Ltd.	0.41	0.41
	Aepona Group Limited	-	0.08
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	17.28	6.40
	MediaAgility India Private Limited	0.01	49.33
	MediaAgility UK Ltd	2.56	0.76
	Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)	0.30	-
	CAPIOT Software Private Limited	0.02	-
	Persistent Systems Costa Rica Limitada (Formerly known as Data Glove IT Solutions Limitada)	1.25	-
	Persistent Systems S.R.L. Romania	-	1.91
	Total	127.54	185.34
Advances received inclusive of Advances from customers and others	Subsidiaries		
	Persistent Systems Israel Ltd.	-	0.61
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	781.97	4.77
	Persistent Systems France SAS	-	13.09
	PARX Consulting GmbH	-	0.69
	Persistent Systems, Inc.	2,027.43	1,301.43
	Total	2,809.40	1,320.59
Trade payables	Subsidiaries		
	Persistent Systems France SAS	8.79	6.12
	Persistent Systems S.R.L. Romania	23.66	-
	Persistent Systems, Inc.	510.99	-
	Persistent Systems Malaysia Sdn. Bhd.	44.26	45.95
	Persistent Telecom Solutions Inc.	70.24	22.85
	Persistent Systems Pte Ltd	9.65	4.13
	Persistent Systems Germany GmbH	5.16	3.58
	CAPIOT Software Private Limited	0.02	-
	Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)	142.31	-
	Persistent Systems Costa Rica Limitada (Formerly known as Data Glove IT Solutions Limitada)	2.77	-
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	-	5.53
	Youperience GmbH	-	2.31
	Persistent Systems Poland Sp. z.o.o.	13.61	-
	Persistent Systems Lanka (Private) Limited	9.74	14.40
	Persistent Systems Mexico, S.A. de C.V.	58.80	2.84
	Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	1.51	1.17
	Software Corporation LLC.	0.02	0.03
	Total	901.53	108.91
Trade receivables	Subsidiaries		
	Persistent Systems France SAS	3.00	-
	Persistent Systems, Inc.	6,465.26	2,534.97
	Persistent Telecom Solutions Inc.	87.08	84.07
	Persistent Systems Pte Ltd	4.75	-
	Persistent Systems Malaysia Sdn. Bhd.	43.83	43.14
	Persistent Systems Germany GmbH	153.82	66.80
	Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)	39.00	-
	Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	-	0.13
	Persistent Systems Mexico, S.A. de C.V.	-	0.08
	Persistent Systems Lanka (Private) Limited	0.02	0.07
	Persistent Systems S.R.L. Romania	-	0.61
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	64.45	-
	MediaAgility Inc.	-	44.19
	MediaAgility UK Limited	31.71	-
	MediaAgility Pte Ltd	0.23	-
	MediaAgility India Private Limited	23.18	32.01
	Total	6,916.33	2,806.07

Persistent Systems Limited

Notes forming part of financial statements

(iii) Outstanding balances

(In ₹ Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2024	March 31, 2023
Unbilled Receivable	Subsidiaries		
	Persistent Systems, Inc.	1,396.24	2,196.37
	Persistent Telecom Solutions Inc.	-	1.28
	Persistent Systems Malaysia Sdn. Bhd.	0.97	14.27
	Persistent Systems Pte Ltd	6.13	-
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	78.32	2.06
	Persistent Systems Germany GmbH	46.85	14.40
	Persistent Systems France SAS	3.94	12.30
	MediaAgility Inc.	36.31	4.43
	MediaAgility India Private Limited	42.68	4.52
	MediaAgility UK Limited	1.21	-
	Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)	91.60	-
Total	1,704.25	2,249.63	
Loans given	Controlled Trust		
	PSPL ESOP Management Trust	2,760.00	2,870.00
Total	2,760.00	2,870.00	
Investments	Subsidiaries		
	Persistent Systems, Inc.	4,729.74	4,729.74
	Persistent Systems Pte Ltd	15.50	15.50
	Persistent Systems France SAS	97.47	97.47
	Persistent Systems Malaysia Sdn. Bhd.	102.25	102.25
	Persistent Systems Germany GmbH	1,719.40	1,719.40
	CAPIOT Software Private Ltd.	483.71	483.71
	MediaAgility India Private Limited	971.45	971.45
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	782.01	-
Total	8,901.53	8,119.52	

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

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Persistent Systems Limited

Notes forming part of financial statements

34. 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

Persistent Systems Limited

Notes forming part of financial statements

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).

Persistent Systems Limited

Notes forming part of financial statements

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		As at March 31, 2023	
		No. of Options outstanding	Weighted average remaining contractual life*	No. of Options outstanding	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		March 31, 2023	
	RSU Scheme XI	ESOP Scheme XIII	RSU Scheme XI	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 company has done a share split of 1:2, the impact of this has been given to options granted to the employees of the company ((refer note 16(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 .

Persistent Systems Limited

Notes forming part of financial statements

35. Contingent liabilities

Sr. No	Particulars	As at	
		March 31, 2024	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 Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017. The 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. The Company has paid ₹ 165.58 million under protest towards the demand and the same forms part of the GST receivable balance. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Company will be eligible to claim credit/refund for the amount paid.	173.78	173.78
2	(ii) Other Pending litigations in respect of Indirect taxes. Income tax demands disputed in appellate proceedings.	7.77	8.20
		1,102.72	1,023.34
b)	Letter of Comfort on behalf of Subsidiaries		
1	Letters of comfort on behalf of subsidiary (USD 24.69 Million (Previous year : USD 51.69 Million))	2,059.15	4,247.37

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

36. Capital and other commitments

	As at	
	March 31, 2024	March 31, 2023
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	359.76	158.71
Other commitments		
Forward contracts	21,881.33	19,051.50

For commitments relating to lease agreements, please refer note 32.

37. Details of Corporate Social Responsibility expenditure

(In ₹ Million)

	For the year ended	
	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: a. Persistent Foundation	Donation given to the following entities: a. Persistent Foundation b. Deepastambha Charitable Trust
g) Details of related party transactions		
Donation given to Persistent Foundation	175.45	117.50
h) Details 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.

38. Business Combination

Pursuant to a share purchase agreement, the Company acquired 100% equity interest in MediaAgility India Private Limited on April 29, 2022 for a consideration of ₹ 971.45 Million. During the year ended March 31, 2023 the acquisition of the said business was accounted by applying the acquisition method on provisional basis in the consolidated financial statements of the Company.

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

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Persistent Systems Limited
Notes forming part of financial statements

39. Ratios

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 Liabilities	3.11	3.07	1.30%	
(b) Debt-Equity Ratio	%	Debt	Shareholder's Equity	0.004%	0.010%	-0.01%	
(c) Debt Service Coverage Ratio	Number	Earnings available for debt service	Current debt liability	7,119.74	6,040.00	17.88%	
(d) Return on Equity Ratio	%	Net Profit after tax	Average Shareholder's Equity	22.61%	21.79%	0.81%	
(e) Trade Receivables turnover ratio	Number	Revenue from operations	Average Trade receivables	4.77	6.86	-30.48%	Note 1
(f) Trade payables turnover ratio	Number	Cost of Professionals+other expenses+Other non cash adjustments	Average Trade payables	6.61	7.32	-9.72%	
(g) Net capital turnover ratio	Number	Revenue from operations	Working Capital	2.74	3.05	-10.12%	
(h) Net profit ratio	%	Net Profit after tax	Revenue	15.13%	15.46%	-0.33%	
(i) Return on Capital employed	%	Profit before Interest and taxes	Average capital employed	30.58%	30.10%	0.48%	
(j) Return on investment	%	Income generated from treasury investments	Average invested funds in treasury investments	7.25%	4.88%	2.37%	

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

Note 1 : Increase in business volume with unfavourable movement in the receivables and payables has resulted in variance in ratio.

40. Disclosure required under Sec 186(4) of the Companies Act 2013

(a) Details of Loans given

Name of Party	Rate of Interest	Purpose	Term	In ₹ Million	
				As at March 31, 2024	As at March 31, 2023
PSPCL ESOP Management Trust	5.8% per annum simple interest	For the purpose of meeting the requirement under ESOP 2017 Scheme	8 years from the date of each tranche of loan disbursement or term of ESOP 2017, whichever is earlier	2,760.00	2,870.00

(b) Details of guarantees given on behalf of subsidiaries

Name of Subsidiary	As at March 31, 2024		As at March 31, 2023	
	\$ Million	₹ Million	\$ Million	₹ Million
Persistent Systems Inc.	10.17	848.18	10.17	835.67

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Persistent Systems Limited

Notes forming part of financial statements

41. Auditors' remuneration

	For the year ended	
	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million
Audit fee	11.44	9.15
Certifications	0.50	0.20
Reimbursement of expenses	0.39	0.45
	12.33	9.80

42. 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
Capital	-	-
Revenue	269.48	140.63
	269.48	140.63

43. Details of dues to micro and small enterprises as defined under MSMED Act, 2006

There are no defaults and overdue amounts payable to suppliers, who have intimated about their status as Micro and Small Enterprises as per the provisions of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).

44. Net dividend remitted in foreign exchange

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 (in ₹ Million)	March 31, 2023 (in ₹ Million)	March 31, 2024 (in ₹ Million)	March 31, 2023 (in ₹ Million)
Interim dividend	11	12	0.38	0.41	12.21	11.64
Final dividend	9	5	0.39	0.40	8.55	4.39

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Persistent Systems Limited**Notes forming part of financial statements**

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

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

47. The Company 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 Company (Ultimate Beneficiaries). Further, the Company has not provided any guarantee, security to or on behalf of the Ultimate Beneficiaries.

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

49. During the period Persistent Systems Limited, Australia branch has entered into business transfer agreement and accordingly business of the Australia branch has been transferred 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.

50. 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.

51. 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.

52. 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.

53. 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 Company 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 provider. 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) 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 company's ERP being a SaaS based software, the audit trail at the database level is not applicable.

54. 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 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 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 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.

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

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

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

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2024.04.21
21:23:32 +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 10:13 EDT)
Sandeep Kalra
Sandeep Kalra (Apr 21, 2024 10:26 EDT)
PRAVEEN PURUSHOTAM KADLE
PRAVEEN PURUSHOTAM KADLE
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Date: 2024.04.21
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Dr. Anand Deshpande Chairman and Managing Director DIN: 00005721 Place: USA Date : April 21, 2024	Sandeep Kalra Executive Director and Chief Executive Officer DIN: 02506494 Place: USA Date : April 21, 2024	Praveen Kadle Independent Director DIN: 00016814 Place: India Date : April 21, 2024
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Sunil Sapre
Sunil Sapre (Apr 21, 2024 10:15 EDT)
Amit Atre
Amit Atre (Apr 21, 2024 10:17 EDT)

Sunil Sapre Executive Director and Chief Financial Officer DIN: 06475949 Place: USA Date : April 21, 2024	Amit Atre Company Secretary Membership No. A20507 Place: USA Date : April 21, 2024
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Walker ChandioK & Co LLP

3rd floor, Unit No. 310 to 312,
West Wing, Nyati Unitree
Nagar Road, Yerwada,
Pune - 411 006
Maharashtra, India

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Independent Auditor's Report on the Audit of the Condensed Interim Standalone Financial Statements for the quarter and year ended 31 March 2024

To the Members of Persistent Systems Limited

Opinion

1. We have audited the accompanying condensed interim standalone financial statements of **Persistent Systems Limited** ('the Company'), which comprise the Condensed Balance Sheet as at 31 March 2024, the Condensed Interim Statement of Profit and Loss (including Other Comprehensive Income) for the quarter and year then ended, the Condensed Statement of Cash Flows and the Condensed Statement of Changes in Equity for the year ended 31 March 2024, and 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, the aforesaid condensed interim standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in accordance with Indian Accounting Standard 34 , Interim Financial Reporting ('Ind AS 34') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other generally accepted accounting principles in India, of the state of affairs of the Company as at 31 March 2024, and its profit (including other comprehensive income) for the quarter and year then ended, its cash flows and the changes in equity for the year ended 31 March 2024.

Basis for Opinion

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

Persistent Systems Limited

Independent Auditor's Report on the Audit of the Condensed Interim Standalone Financial Statements for the quarter and year ended 31 March 2024

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

4. The accompanying condensed interim standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these condensed interim standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, in accordance with Ind AS 34 specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the condensed interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
5. In preparing the condensed interim standalone financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
6. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

7. Our objectives are to obtain reasonable assurance about whether the condensed interim standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed interim standalone financial statements.
8. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Walker Chandiook & Co LLP

Persistent Systems Limited

Independent Auditor's Report on the Audit of the Condensed Interim Standalone Financial Statements for the quarter and year ended 31 March 2024

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed interim standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the condensed interim standalone financial statements, including the disclosures, and whether the condensed interim standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

SHASHI

TADWALKAR

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SHASHI TADWALKAR
Date: 2024.04.21 21:10:09
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Shashi Tadwalkar

Partner

Membership No.: 101797

UDIN: 24101797BKCPBE6490

Place: Pune

Date: 21 April 2024

Page 3 of 3

Persistent Systems Limited

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2024

	Notes	As at	
		March 31, 2024	March 31, 2023
		In ₹ Million	In ₹ Million
ASSETS			
Non-current assets			
Property, plant and equipment	4.1	3,872.54	4,563.45
Capital work-in-progress		326.65	156.31
Right of use assets	4.2	1,424.26	1,509.11
Goodwill	4.3	236.00	236.00
Other intangible assets	4.4	509.77	573.34
		<u>6,369.22</u>	<u>7,038.21</u>
Financial assets			
- Investments	5	14,081.58	12,145.56
- Trade receivables	11	260.94	107.71
- Loans	6	2,760.00	2,870.00
- Other financial assets	7	451.70	837.09
Deferred tax assets (net)	8	493.80	397.77
Other non-current assets	9	1,117.02	718.02
		<u>25,534.26</u>	<u>24,114.36</u>
Current assets			
Financial assets			
- Investments	10	2,623.06	1,879.66
- Trade receivables	11	16,829.46	10,498.27
- Cash and cash equivalents	12	3,258.83	1,236.45
- Bank balances other than cash and cash equivalents	13	3,240.49	4,173.35
- Other financial assets	14	4,360.89	4,340.49
Other current assets	15	4,673.04	2,745.38
		<u>34,985.77</u>	<u>24,873.60</u>
TOTAL		<u><u>60,520.03</u></u>	<u><u>48,987.96</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	16(a)	770.25	764.25
Other equity	16(b)	47,016.26	38,652.25
		<u>47,786.51</u>	<u>39,416.50</u>
LIABILITIES			
Non-current liabilities			
Financial liabilities			
- Borrowings	17	-	1.84
- Lease liabilities	18	943.10	1,086.87
Other non-current liabilities	22	25.51	9.93
Provisions	19	531.21	369.51
		<u>1,499.82</u>	<u>1,468.15</u>
Current liabilities			
Financial liabilities			
- Borrowings	17	1.87	1.91
- Lease liabilities	18	560.87	468.72
- Trade payables	20		
-total outstanding dues of micro enterprises and small enterprises		49.63	38.04
-total outstanding dues of creditors other than micro enterprises and small enterprises		2,638.18	1,327.52
- Other financial liabilities	21	402.27	668.46
Other current liabilities	22	5,251.57	2,980.12
Provisions	23	2,037.42	2,597.94
Current tax liabilities (net)		291.89	20.60
		<u>11,233.70</u>	<u>8,103.31</u>
TOTAL		<u><u>60,520.03</u></u>	<u><u>48,987.96</u></u>
Summary of material accounting policies	3		

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

As per our report of even date

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

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

SHASHI
TADWALKAR

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SHASHI TADWALKAR
Date: 2024.04.21 21:10:54
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Shashi Tadwalkar
Partner

Membership No.: 101797

Place: India
Date: April 21, 2024

Anand Deshpande

Anand Deshpande (Apr 21, 2024 10:13 EDT)

Dr. Anand Deshpande
Chairman and Managing
Director

DIN: 00005721

Place: USA
Date: April 21, 2024

Sandeep Kalra

Sandeep Kalra (Apr 21, 2024 10:04 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
20:32:01 +05'30'

Praveen Kadle
Independent Director

DIN: 00016814

Place: India
Date: April 21, 2024

Sunil Sapre

Sunil Sapre (Apr 21, 2024 10:15 EDT)

Sunil Sapre
Executive Director and
Chief Financial Officer

DIN: 06475949

Place: USA
Date: April 21, 2024

Amit Atre

Amit Atre (Apr 21, 2024 10:04 EDT)

Amit Atre
Company Secretary

Membership No. A20507

Place: USA
Date: April 21, 2024

Persistent Systems Limited
CONDENSED INTERIM 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 In ₹ Million	March 31, 2023 In ₹ Million	March 31, 2024 In ₹ Million	March 31, 2023 In ₹ Million
Income					
Revenue from operations	24	16,309.02	14,834.82	65,142.17	51,175.53
Other income	25	351.82	110.75	1,644.86	738.71
Total income (A)		16,660.84	14,945.57	66,787.03	51,914.24
Expenses					
Employee benefits expense	26.1	9,919.61	8,473.45	38,345.78	31,417.30
Cost of professionals	26.2	1,645.62	879.32	5,987.60	2,517.83
Finance costs		40.57	46.45	169.84	130.97
Depreciation and amortisation expense	4.5	413.97	386.45	1,623.64	1,344.87
Other expenses	27	2,076.92	1,717.84	7,494.88	5,704.00
Total expenses (B)		14,096.69	11,503.51	53,621.74	41,114.97
Profit before exceptional item and tax (A - B)		2,564.15	3,442.06	13,165.29	10,799.27
Exceptional item					
Provision for export incentives (refer note 37)		-	-	-	296.55
Profit before tax		2,564.15	3,442.06	13,165.29	10,502.72
Tax expense					
Current tax		690.21	894.34	3,414.63	2,706.50
Deferred tax credit		34.37	(36.26)	(105.99)	(115.06)
Total tax expense		724.58	858.08	3,308.64	2,591.44
Profit for the period / year (C)		1,839.57	2,583.98	9,856.65	7,911.28
Other comprehensive income					
Items that will not be reclassified to profit or loss (D)					
- Remeasurements of the defined benefit liabilities		(62.11)	(15.39)	(84.64)	(21.08)
- Income tax effect on above		15.63	4.23	21.29	5.31
		(46.48)	(11.16)	(63.35)	(15.77)
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
		3.57	215.33	29.61	(47.56)
Total other comprehensive income for the period / year (D) + (E)		(42.91)	204.17	(33.74)	(63.33)
Total comprehensive income for the period / year (C) + (D) + (E)		1,796.66	2,788.15	9,822.91	7,847.95
Earnings per equity share					
[Nominal value of share ₹5 (Corresponding period / Previous year: ₹5)]	28				
Basic (In ₹)		11.95	16.91	64.06	51.76
Diluted (In ₹)		11.95	16.91	64.06	51.76
Summary of material accounting policies					
	3				

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

As per our report of even date

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

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2024.04.21 21:11:30 +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 10:13 EDT)

Sandeep Kalra
Sandeep Kalra (Apr 21, 2024 10:04 EDT)

PRAVEEN PURUSHOTAM KADLE
PRAVEEN PURUSHOTAM KADLE (Apr 21, 2024 10:04 EDT)

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

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

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

Sunil Sapre
Sunil Sapre (Apr 21, 2024 10:15 EDT)

Amit Atre
Amit Atre (Apr 21, 2024 10:04 EDT)

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

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

Persistent Systems Limited
CONDENSED INTERIM CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2024

	For the year ended	
	March 31, 2024 In ₹ Million	March 31, 2023 In ₹ Million
Cash flows from operating activities		
Profit before tax	13,165.29	10,502.72
Adjustments for:		
Interest income	(715.31)	(674.79)
Finance cost	169.84	130.97
Dividend income	(249.99)	-
Depreciation and amortisation expense	1,623.64	1,344.87
Unrealised exchange loss gain (net)	(211.55)	(226.38)
Exchange (gain) / loss on derivative contracts	(70.63)	88.69
Exchange gain on translation of foreign currency cash and cash equivalents	(33.40)	(31.66)
Bad debts	59.66	46.11
Change in provision for expected credit loss / (gain) (net)	(15.95)	(4.46)
Employee stock compensation expenses	584.95	1,066.31
Remeasurements of the defined benefit liabilities (before tax effects)	(84.64)	(21.08)
Excess provision in respect of earlier years written back	(0.14)	(0.95)
Profit on sale / fair valuation of financial assets designated as FVTPL	(293.35)	(145.23)
Profit on sale of investments (net)	(36.45)	-
Profit on sale of Property, plant and equipment (net)	(22.95)	(2.99)
Provision for export incentives (refer note 37)	-	296.55
Operating profit before working capital changes	13,869.02	12,368.68
Movements in working capital :		
(Increase) / Decrease in other non-current assets	(202.39)	33.29
Increase in other non-current financial assets	(63.78)	(151.38)
Decrease / (Increase) in other current financial assets	482.92	(406.28)
Increase in other current assets	(1,932.42)	(1,302.05)
Increase in trade receivables	(6,444.32)	(6,007.16)
Increase in trade payables, current liabilities and non-current liabilities	3,510.81	3,149.56
(Decrease) / Increase in provisions	(389.66)	437.60
Operating profit after working capital changes	8,830.18	8,122.26
Direct taxes paid (net of refunds)	(3,122.05)	(2,923.97)
Net cash generated from operating activities	(A) 5,708.13	5,198.29
Cash flows from investing activities		
Payment towards capital expenditure (including intangible assets, capital advances and capital creditors)	(1,435.22)	(3,482.56)
Proceeds from sale of Property, plant and equipment	28.17	3.77
Investment in wholly owned subsidiaries	-	(2,663.61)
Payable to selling shareholder	(10.07)	-
Proceeds from transfer of business undertaking	116.25	-
Disbursement of Loan to ESOP trust	(1,602.97)	(0.55)
Recovery of Loan to ESOP trust	1,712.97	652.55
Purchase of bonds	(0.70)	(237.41)
Proceeds from sale of bonds	80.70	31.49
Investments in mutual funds	(50,470.37)	(37,249.34)
Proceeds from sale / maturity of mutual funds	48,786.33	39,766.37
Proceeds from maturity of bank deposits having original maturity over three months	938.84	1,776.36
Disposal / (Investment) in deposit with financial institutions	400.00	(400.00)
Interest received	759.32	702.24
Dividend received	249.99	-
Net cash flows used in investing activities	(B) (446.76)	(1,100.69)
Cash flows from financing activities		
Proceeds from issuance of share capital	1,607.80	-
Repayment of long term borrowings (refer note 17)	(1.84)	(1.86)
Payment of principal portion of lease liabilities	(520.39)	(343.05)
Payment of interest portion of lease liabilities	(147.50)	(119.73)
Dividend paid	(4,153.95)	(2,980.58)
Interest paid	(22.38)	(11.26)
Net cash flows used in financing activities	(C) (3,238.26)	(3,456.48)

Persistent Systems Limited**CONDENSED INTERIM CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2024**

	For the year ended	
	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million
Net increase in cash and cash equivalents (A + B + C)	2,023.11	641.12
Cash and cash equivalents at the beginning of the year	1,236.45	563.67
Movement in cash and cash equivalent on account of transfer of business undertaking	(34.13)	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	33.40	31.66
Cash and cash equivalents at the end of the year	3,258.83	1,236.45
Components of cash and cash equivalents		
Cash on hand (refer note 12)	0.08	0.14
Balances with banks		
On current accounts # (refer note 12)	1,761.40	485.20
On saving accounts (refer note 12)	23.48	33.21
On deposit account with maturity of less than three months (Refer note 12)	72.00	79.00
On exchange earner's foreign currency accounts (refer note 12)	1,401.87	638.90
Cash and cash equivalents	3,258.83	1,236.45

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 3

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

As per our report of even date

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

**SHASHI
TADWALKAR**

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SHASHI TADWALKAR
Date: 2024.04.21
21:11:57 +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 10:13 EDT)

Dr. Anand Deshpande
Chairman and
Managing Director
DIN: 00005721

Place: USA
Date : April 21, 2024

Sandeep Kalra

Sandeep Kalra (Apr 21, 2024 10:04 EDT)

Sandeep Kalra
Executive Director and
Chief Executive Officer
DIN: 02506494

Place: USA
Date : April 21, 2024

**PRAVEEN
PURUSHOTTAM
KADLE**

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PRAVEEN
PURUSHOTTAM KADLE
Date: 2024.04.21
20:32:47 +05'30'

Praveen Kadle
Independent Director
DIN: 00016814

Place: India
Date : April 21, 2024

Sunil Sapre

Sunil Sapre (Apr 21, 2024 10:15 EDT)

Sunil Sapre
Executive Director and
Chief Financial Officer
DIN: 06475949

Place: USA
Date : April 21, 2024

Amit Atre

Amit Atre (Apr 21, 2024 10:04 EDT)

Amit Atre
Company Secretary
Membership No. A20507

Place: USA
Date : April 21, 2024

Persistent Systems Limited**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024****A. Equity share capital**

(Refer note 16(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
CONDENSED INTERIM 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
	General reserve	Share options outstanding reserve	Capital redemption reserve	Retained earnings	Securities premium	Effective portion of cash flow hedges	
Balance as at April 1, 2023	20,824.26	2,222.02	35.75	15,575.98	-	(5.76)	38,652.25
Profit for the year	-	-	-	9,856.65	-	-	9,856.65
Items recognised in / from other comprehensive income for the year	-	-	-	(84.64)	-	29.61	(55.03)
Income tax effect on above	-	-	-	21.29	-	-	21.29
Dividend	-	-	-	(4,153.95)	-	-	(4,153.95)
Transfer to general reserve	3,942.66	-	-	(3,942.66)	-	-	-
Adjustments towards employees stock options	1,087.56	(1,087.56)	-	-	-	-	-
Employee stock compensation expenses	-	584.95	-	-	-	-	584.95
Employee stock compensation expenses of subsidiaries	-	508.30	-	-	-	-	508.30
Premium on fresh issue of equity shares	-	-	-	-	1,601.80	-	1,601.80
Balance as at March 31, 2024	25,854.48	2,227.71	35.75	17,272.67	1,601.80	23.85	47,016.26

(In ₹ Million)

Particulars	Reserves and surplus				Items of other comprehensive income	Total
	General reserve	Share options outstanding reserve	Capital redemption reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2022	17,376.65	1,144.84	35.75	13,825.56	41.80	32,424.60
Profit for the year	-	-	-	7,911.28	-	7,911.28
Items recognised in / from other comprehensive income for the year	-	-	-	(21.08)	(47.56)	(68.64)
Income tax effect on above	-	-	-	5.31	-	5.31
Dividend	-	-	-	(2,980.58)	-	(2,980.58)
Transfer to general reserve	3,164.51	-	-	(3,164.51)	-	-
Adjustments towards employees stock options	283.10	(283.10)	-	-	-	-
Employee stock compensation expenses	-	1,066.31	-	-	-	1,066.31
Employee stock compensation expenses of subsidiaries	-	293.97	-	-	-	293.97
Balance as at March 31, 2023	20,824.26	2,222.02	35.75	15,575.98	(5.76)	38,652.25

Summary of material accounting policies - Refer note 3

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

As per our report of even date

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

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2024.04.21 21:12:20 +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 10:13 EDT)

Sandeep Kalra
Sandeep Kalra (Apr 21, 2024 10:04 EDT)

PRAVEEN PURUSHOTAM KADLE
Digitally signed by PRAVEEN PURUSHOTAM KADLE
Date: 2024.04.21 20:55:07 +05'30'

Praveen Kadle
Independent Director

Dr. Anand Deshpande
Chairman and Managing Director

Sandeep Kalra
Executive Director and Chief Executive Officer

DIN: 00016814

DIN: 00005721

DIN: 02506494

Place: USA
Date : April 21, 2024

Place: USA
Date : April 21, 2024

Place: India
Date : April 21, 2024

Sunil Sapre
Sunil Sapre (Apr 21, 2024 10:15 EDT)

Amit Atre
Amit Atre (Apr 21, 2024 10:04 EDT)

Sunil Sapre
Executive Director and Chief Financial Officer

Amit Atre
Company Secretary

DIN: 06475949

Membership No. A20507

Place: USA
Date : April 21, 2024

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 on which such amount is transferred to General reserve.

c) Capital redemption reserve

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

d) Retained earnings

This reserve represents undistributed accumulated earnings of the Company as on the balance sheet date.

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) 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.

g) Retained earnings

Retained earnings represent the amount of accumulated earnings of the Company which includes remeasurements of the defined benefit liabilities / asset.

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1 Nature of operations

Persistent Systems Limited ("the 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. The company offers complete product life cycle services.

The Board of Directors approved the condensed interim standalone financial statements for the year ended March 31, 2024 and authorised for issue on April 20, 2024.

2 Basis of preparation

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

These condensed interim standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS 34), as prescribed by Section 133 of the Companies Act 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 and guidelines issued by the Securities and Exchange Board of India (SEBI). These condensed interim financial statements do not include all the information required for a complete set of financial statements under the applicable financial reporting framework. The condensed interim financial statements are presented in ₹ Million (Functional currency of the company) unless otherwise specified.

3 Material accounting policy information

3.1 Use of estimates and judgements

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

3.2 Critical accounting estimates

a) Revenue recognition

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

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

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

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

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

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

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

b) Income taxes

The Company's major tax jurisdiction is India. 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 Company will realise the deferred tax assets, the amount of deferred tax asset realisable, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

c) Business combination

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

d) Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by 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.

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e) Leases

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

f) Provisions and contingent liabilities

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

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 Company'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.

3.3 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 Company'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 and their realisation in cash and cash equivalents. Based on the nature of products / services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months.

b) Property, plant and equipment

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

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

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

c) Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated 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 cost 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 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 Company can demonstrate:

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

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

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated 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 using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management.

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

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

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

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 capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

f) Leases

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

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

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

Where the Company is a lessee

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

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

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

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

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

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

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

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

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

g) Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

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

Goodwill is tested for impairment 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 company is of the view that it is not practical to reasonably allocate the same and an ad-hoc allocation will not be meaningful.

h) Financial instruments

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

Initial recognition and measurement

The Company 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 Company's business model for managing them. The Company's business model refers to how it manages its financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognised amounts and the company 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 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 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.

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

Investments in subsidiaries

Investment in subsidiaries are carried at cost.

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 OCI. All other changes in fair value of liabilities designated as FVTPL are recognised in the statement of profit and loss. The Company has not designated any financial liability as FVTPL.

Derivative financial instruments

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

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

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

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

Amounts accumulated in equity are reclassified to 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 classified as FVTPL.

Derecognition

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

The Company derecognises financial liabilities when the Company'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 statement of profit or loss.

Financial guarantee contracts

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

Fair value of financial instruments

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

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

All methods of assessing fair value result in general approximation of value, and such value may never actually be 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 Company 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 Company expects to receive, discounted at the original effective interest rate.

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

Income from software services and products

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

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

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

Interest

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

Dividend

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

Contract balances***Contract assets***

Contract assets are recognised when there are excess of revenue 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 revenue.

j) Foreign currency translation***Foreign currency transactions and balances***

The functional currency of the company is ₹ (INR).

Initial recognition

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

Conversion

Foreign currency monetary items are converted using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined. For foreign currency transactions recognised in statement of profit and loss of the Company 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 company presents the condensed interim standalone financial statements in ₹. For the purpose of the financial statements, the assets and liabilities of the company'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 Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the eligible salary of the entitled employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the period / year when the contributions are due. The Company 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 Company for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation 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 recognised 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 utilised within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

The Company presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement 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 Company'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 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 Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised 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 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 Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is 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 statement of profit and loss is recognised in co-relation to the underlying transaction either in OCI or directly in equity.

m) Segment reporting

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

n) Earnings per share (EPS)

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

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

o) Provisions

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

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 Company 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 standalone financial statements.

q) Share based payments

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

The cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and 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 Company's best estimate of the number of equity instruments that will ultimately vest.

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

The expense or credit recognised in the statement of profit and loss for the period represents the movement in cumulative expense recognised as at the beginning and end of that period 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.

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

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) Dividend

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

t) Business Combination

The acquisition method of accounting is used to recognize 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 Company 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 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.

u) Goodwill / Gain on bargain purchase

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

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 Company'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 Company 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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Persistent Systems Limited**NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS****4.1 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	991.53	2,810.72	3,813.34	64.99	1,946.07	20.79	889.44	15.88	10,552.76
Additions	-	15.12	162.56	6.22	156.48	-	1.59	0.19	342.16
Disposals	-	0.32	244.10	4.04	45.44	-	14.06	1.26	309.22
Disposal on account of merger (Refer Note 34)	-	-	3.96	-	-	-	-	-	3.96
As at March 31, 2024	991.53	2,825.52	3,727.84	67.17	2,057.11	20.79	876.97	14.81	10,581.74
Accumulated depreciation									
As at April 1, 2023	-	1,360.64	2,724.48	53.95	1,273.79	20.79	548.38	7.28	5,989.31
Charge for the year	-	121.30	649.40	4.43	172.24	-	76.72	2.12	1,026.21
Disposals	-	0.32	239.31	4.02	45.24	-	13.92	1.26	304.07
Disposal on account of merger (Refer Note 34)	-	-	2.25	-	-	-	-	-	2.25
As at March 31, 2024	-	1,481.62	3,132.32	54.36	1,400.79	20.79	611.18	8.14	6,709.20
Net block									
As at March 31, 2024	991.53	1,343.90	595.52	12.81	656.32	-	265.79	6.67	3,872.54

4.2 Right of use assets

			(In ₹ Million)
	Office premises	Leasehold land	Total
Gross block (at cost)			
As at April 1, 2023	1,828.92	131.97	1,960.89
Additions	321.27	-	321.27
As at March 31, 2024	2,150.19	131.97	2,282.16
Accumulated depreciation			
As at April 1, 2023	448.56	3.22	451.78
Charge for the year	404.58	1.54	406.12
As at March 31, 2024	853.14	4.76	857.90
Net block			
As at March 31, 2024	1,297.05	127.21	1,424.26

* Note: Building includes those constructed on leasehold land:

- Gross block as on March 31, 2024 ₹ 1,460.40 Million (Previous year : ₹ 1,455.94 Million)
- Depreciation charge for the year ₹ 59.30 Million (Previous year : ₹ 59.08 Million)
- Accumulated depreciation as on March 31, 2024 ₹ 735.52 Million (Previous year : ₹ 676.22 Million)
- Net block value as on March 31, 2024 ₹ 724.88 Million (Previous year : ₹ 779.72 Million)

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Persistent Systems Limited**NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS****4.1 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, 2022	206.92	2,389.08	3,273.91	58.00	1,389.40	20.79	557.84	7.27	7,903.21
Additions	784.61	421.84	613.26	7.24	565.57	-	334.45	8.64	2,735.61
Disposals	-	0.20	73.83	0.25	8.90	-	2.85	0.03	86.06
As at March 31, 2023	991.53	2,810.72	3,813.34	64.99	1,946.07	20.79	889.44	15.88	10,552.76
Accumulated depreciation									
As at April 1, 2022	-	1,253.87	2,156.39	50.81	1,180.30	20.79	501.49	5.95	5,169.60
Charge for the year	-	106.95	641.16	3.39	102.39	-	49.74	1.36	904.99
Disposals	-	0.18	73.07	0.25	8.90	-	2.85	0.03	85.28
As at March 31, 2023	-	1,360.64	2,724.48	53.95	1,273.79	20.79	548.38	7.28	5,989.31
Net block									
As at March 31, 2023	991.53	1,450.08	1,088.86	11.04	672.28	-	341.06	8.60	4,563.45

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Persistent Systems Limited**NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS****4.2 Right of use assets**

	(In ₹ Million)		
	Office premises	Leasehold land	Total
Gross block (at cost)			
As at April 1, 2022	808.27	37.50	845.77
Additions	1,029.55	94.47	1,124.02
Disposals	8.90	-	8.90
As at March 31, 2023	1,828.92	131.97	1,960.89
Accumulated depreciation			
As at April 1, 2022	172.38	1.76	174.14
Charge for the year	279.02	1.46	280.48
Disposals	2.84	-	2.84
As at March 31, 2023	448.56	3.22	451.78
Net block			
As at March 31, 2023	1,380.36	128.75	1,509.11

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Persistent Systems Limited**NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS****4.3 Goodwill**

	(In ₹ Million)	
	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Balance at beginning of period / year	236.00	-
Addition on purchase price allocation of business combination	-	236.00
Balance at end of period / year	236.00	236.00

4.4 Other intangible assets

	(In ₹ Million)		
	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2023	784.41	652.64	1,437.05
Additions	127.74	-	127.74
Disposals	0.03	-	0.03
As at March 31, 2024	912.12	652.64	1,564.76
Accumulated amortisation			
As at April 1, 2023	538.59	325.12	863.71
Charge for the year	135.59	55.72	191.31
Disposals	0.03	-	0.03
As at March 31, 2024	674.15	380.84	1,054.99
Net block			
As at March 31, 2024	237.97	271.80	509.77

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Persistent Systems Limited**NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS**

	(In ₹ Million)			
	Software	Acquired contractual rights	Provisional intangible assets	Total
Gross block				
As at April 1, 2022	987.10	261.74	626.90	1,875.74
Additions	188.01	-	-	188.01
Adjustment due to purchase price allocation				
- Goodwill	-	-	(236.00)	(236.00)
- Acquired contractual rights	-	390.90	(390.90)	-
Disposals	390.70	-	-	390.70
As at March 31, 2023	784.41	652.64	-	1,437.05
Accumulated amortisation				
As at April 1, 2022	821.98	261.74	11.29	1,095.01
Charge for the year	107.31	25.47	26.62	159.40
Adjustment due to change in purchase consideration	-	37.91	(37.91)	-
Disposals	390.70	-	-	390.70
As at March 31, 2023	538.59	325.12	-	863.71
Net block				
As at March 31, 2023	245.82	327.52	-	573.34

4.5 Depreciation and amortisation expense

	(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	247.51	262.02	1,026.21	904.99
On Right of use assets	106.58	74.31	406.12	280.48
On Other intangible assets	59.88	50.12	191.31	159.40
	413.97	386.45	1,623.64	1,344.87

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Persistent Systems Limited**NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS****5. Non-current financial assets : Investments**

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Investments carried at cost		
Unquoted investments		
Investments in equity instruments		
- In wholly owned subsidiary companies (Refer note 30)		
Persistent Systems, Inc. 702 Million (Previous year : 702 Million) shares of USD 0.10 each, fully paid up	4,729.74	4,729.74
Persistent Systems Pte Ltd. 0.50 Million (Previous year : 0.50 Million) shares of SGD 1 each, fully paid up	15.50	15.50
Persistent Systems France SAS 1.50 Million (Previous year : 1.50 Million) shares of EUR 1 each, fully paid up	97.47	97.47
Persistent Systems Malaysia Sdn. Bhd. 5.45 Million (Previous year : 5.45 Million) shares of MYR 1 each, fully paid up	102.25	102.25
Persistent Systems Germany GmbH 16.73 Million (Previous year : 16.73 Million) shares of EUR 1 each, fully paid up	1,719.40	1,719.40
CAPIOT Software Private Limited 0.19 Million (Previous year : 0.19 Million) shares of Rs. 10 each, fully paid up	483.71	483.71
MediaAgility India Private Limited 3.21 Million (Previous year : 3.21 Million) shares of Rs. 10 each, fully paid up.	971.45	971.45
Persistent Systems UK Limited 12.39 Million (Previous year : Nil) shares of EUR 1 each, fully paid up.	782.01	-
Total investments carried at cost (A)	8,901.53	8,119.52
Investments carried at amortised cost		
Quoted investments		
In bonds (Refer note 29) [Market value ₹ 2,758.25 Million (Previous year : ₹ 2,852.78 Million)]	2,916.91	3,005.16
Add: Interest accrued on bonds	78.70	80.43
Total investments carried at amortised cost (B)	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 5 (a))	2,178.44	934.45
	2,178.44	934.45
- Others*		
Allizon Systems Private Limited 3,766 equity shares (Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up	6.00	6.00
	6.00	6.00
Total investments carried at fair value (C)	2,184.44	940.45
Total investments (A) + (B) + (C)	14,081.58	12,145.56
Aggregate provision for diminution in value of investments	-	-
Aggregate amount of quoted investments	2,995.61	3,085.59
Aggregate amount of unquoted investments	11,085.97	9,059.97

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

Persistent Systems Limited**NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS****5 (a) Details of fair value of investment in long term mutual funds (unquoted)**

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Axis Mutual Fund	526.58	491.04
Bandhan Mutual Fund (formerly known as IDFC Mutual Fund)	442.81	412.76
HDFC Mutual Fund	185.54	30.65
DSP Mutual Fund	155.66	-
HSBC Mutual Fund	155.43	-
Kotak Mutual Fund	152.75	-
SBI Mutual Fund	152.65	-
ICICI Prudential Mutual Fund	152.57	-
Aditya Birla Sun Life Mutual Fund	152.53	-
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	101.92	-
	2,178.44	934.45

6. 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, considered good		
Loan to ESOP trust	2,760.00	2,870.00
	2,760.00	2,870.00
Unsecured, credit impaired		
Inter-corporate deposit	0.58	0.58
Less: Impairment	(0.58)	(0.58)
	2,760.00	2,870.00

7. 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 bank (refer note 13)*	3.99	41.60
Add: Interest accrued but not due on deposits with bank (refer note 13)	0.24	0.98
	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
	110.18	520.22
Security deposits	337.29	274.29
Considered good (A)	451.70	837.09
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)
Credit impaired (B)	-	-
Total (A+B)	451.70	837.09

* 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.

Persistent Systems Limited**NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS****8. Deferred tax assets (net)**

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Deferred tax assets		
Provision for leave encashment	223.08	147.86
Provision for long service awards	127.54	101.60
Allowance for expected credit loss	18.95	19.83
Tax credit	-	57.95
Provision for Gratuity	14.72	-
Right of use asset and lease liability	61.13	42.66
Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets	-	-
Cash flow hedges	-	1.94
Provisions for doubtful investment	117.28	117.28
	562.70	489.12
Deferred tax liabilities		
Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets	16.73	68.53
Cash flow hedges	8.02	-
Capital gains (net)	44.15	22.82
	68.90	91.35
Deferred tax assets (net)	493.80	397.77

9. Other non-current assets

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Capital advances (unsecured, considered good)	823.00	626.39
Prepayments	128.27	91.63
Simple Agreement for Future Equity (SAFE)	165.75	-
	1,117.02	718.02

10. 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 10(a) below)	2,623.06	1,879.66
Total carrying amount of investments	2,623.06	1,879.66
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	2,623.06	1,879.66

10(a) Details of fair value of current investment in mutual funds (unquoted)

	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	364.28	195.74
Kotak Mutual Fund	311.66	200.12
HDFC Mutual Fund	303.47	200.17
Tata Mutual Fund	234.14	50.02
DSP Mutual Fund	195.10	50.00
Axis Mutual Fund	173.71	195.72
Bandhan Mutual Fund (formerly known as IDFC Mutual Fund)	157.51	100.10
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
	2,623.06	1,879.66

11. Trade receivables

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
- Current		
Unsecured, considered good*	16,829.46	10,498.27
Unsecured, credit impaired	63.58	78.79
	16,893.04	10,577.06
Less : Allowance for expected credit loss	(63.58)	(78.79)
	16,829.46	10,498.27
- Non current		
Unsecured, considered good	260.94	107.71
	260.94	107.71
	17,090.40	10,605.98

*Includes dues from related parties (refer note 30)

12. 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 statement of cash flow		
Cash on hand	0.08	0.14
Balances with banks		
On current accounts#	1,761.40	485.20
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	72.00	79.00
	3,258.83	1,236.45

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.

13. 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*	3,143.46	4,082.30
Add: Interest accrued but not due on deposits with banks	98.34	130.58
Deposits with banks (carried at amortised cost)	3,241.80	4,212.88
Less: Deposit with maturity more than twelve months from the balance sheet date disclosed under non-current financial assets (refer note 7)	(3.99)	(41.60)
Less: Interest accrued but not due on non-current deposits with banks (refer note 7)	(0.24)	(0.98)
	3,237.57	4,170.30
Balances with banks on unpaid dividend accounts**	2.92	3.05
	3,240.49	4,173.35

* 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 Company.

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

Persistent Systems Limited**NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS****14. 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		
Advances to related parties (Unsecured, considered good) (refer note 30)		
Persistent Systems, Inc.	101.25	123.10
Persistent Systems France SAS	0.80	0.69
Persistent Telecom Solutions Inc.	0.64	0.17
Persistent Systems Malaysia Sdn. Bhd.	0.13	0.07
Persistent Systems Lanka (Private) Limited	0.30	0.24
Persistent Systems UK Limited (Formerly known as Aepona Limited)	17.28	6.40
Aepona Group Limited	-	0.08
PARX Consulting GmbH	-	0.09
Youperience Limited	-	0.04
Persistent Systems Mexico, S.A. de C.V	1.64	1.38
Youperience GmbH	0.04	0.04
Persistent Systems Pte. Ltd.	0.41	0.41
Persistent Systems Germany GmbH	0.71	0.54
Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	0.20	0.09
Persistent Systems Australia Pty Limited	0.30	-
CAPIOT Software Private Limited	0.02	-
MediaAgility India Private Limited	0.01	49.33
MediaAgility UK Limited	2.56	0.76
Persistent Systems S.R.L. Romania	-	1.91
Persistent Systems Costa Rica Limitada (Formerly known as Data Glove IT Solutions Limitada)	1.25	-
	127.54	185.34
Unbilled revenue	4,190.71	4,138.95
Security deposits	0.10	0.10
Other receivables (Unsecured, considered good)	-	16.10
	4,360.89	4,340.49

15. Other current assets

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Advances to suppliers (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	1,155.71	801.31
Prepayments	649.98	780.75
Excess fund balance with Life Insurance Corporation of India	-	53.31
Deferred finance cost	61.82	-
Other advances (Unsecured, considered good)		
VAT receivable (net)	20.97	22.10
Service Tax and GST receivable (net) (refer note 31(a))	2,784.56	1,087.91
	2,805.53	1,110.01
	4,673.04	2,745.38

16(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 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 Million equity shares having a face value of ₹ 5 each aggregating to ₹ 2,000 Million, and the paid-up capital comprises 154.05 Million equity shares having a face value of ₹ 5 each aggregating to ₹ 770.25 Million. 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:

	As at		As at		(In Million)
	March 31, 2024		March 31, 2023		
	No of Shares	Amount ₹	No of Shares	Amount ₹	
Number of shares at the beginning of the period / year	152.85	764.25	152.85	764.25	
Add / less: Changes during the period / year	1.20	6.00	-	-	
Number of shares at the end of the period / year	154.05	770.25	152.85	764.25	

b) Terms / rights attached to equity shares

The Company 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 Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors of Persistent Systems Limited, at its meeting held on January 20, 2024, declared an interim dividend of ₹ 16 per equity share of face value of ₹ 5 each for the Financial Year 2023-24.

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

Dividend distribution made and proposed:

	For the year ended	
	March 31, 2024	March 31, 2023
	In ₹ Million	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 declared 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 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 Company

Name of the shareholder*	As at		As at	
	March 31, 2024		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.

Persistent Systems Limited
NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

16(b). Other equity

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Reserves and Surplus		
General reserve	25,854.48	20,824.26
Share options outstanding reserve	2,227.71	2,222.02
Capital redemption reserve	35.75	35.75
Retained earnings	17,272.67	15,575.98
Securities premium	1,601.80	-
Items of other comprehensive income		
Effective portion of cash flow hedges	23.85	(5.76)
	47,016.26	38,652.25

(i) General reserve

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Opening Balance	20,824.26	17,376.65
Transfer to general reserve	3,942.66	3,164.51
Adjustments towards employees stock options	1,087.56	283.10
	25,854.48	20,824.26

(ii) 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	584.95	1,066.31
Employee stock compensation expenses of subsidiaries	508.30	293.97
	2,227.71	2,222.02

(iii) Retained earnings

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Opening Balance	15,575.98	13,825.56
Profit for the year	9,856.65	7,911.28
Items recognised in / from other comprehensive income for the year	(84.64)	(21.08)
Income tax effect on above	21.29	5.31
Dividend	(4,153.95)	(2,980.58)
Transfer to general reserve	(3,942.66)	(3,164.51)
	17,272.67	15,575.98

(iv) 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	-
	1,601.80	-

(v) 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)

17. Non-current financial liabilities : Borrowings

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Unsecured 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
	1.87	3.75
Less: Current maturity of long-term borrowings	(1.85)	(1.85)
Less: Current maturity of interest accrued but not due on term loan	(0.02)	(0.06)
	(1.87)	(1.91)
	-	1.84

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

Loan amounting to ₹ 1.85 Million (Previous year : ₹ 3.69 Million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from October 2015.

18. Lease liabilities

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Lease liabilities	1,503.97	1,555.59
Less: Current portion of lease liabilities	(560.87)	(468.72)
	943.10	1,086.87

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	March 31, 2023 In ₹ Million
Opening balance	1,555.59	758.26
Additions	321.27	1,029.55
Deletions	-	(8.90)
Add: Interest recognised during the year	147.50	119.73
Less: Payments made during the year	(520.39)	(343.05)
Closing balance	1,503.97	1,555.59

Persistent Systems Limited
NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

19. Non current liabilities : Provisions

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Provision for employee benefits		
- Gratuity	58.49	-
- Long service awards	472.72	369.51
	531.21	369.51

20. Trade payables

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Trade payables for goods and services*		
-total outstanding dues of micro enterprises and small enterprises	49.63	38.04
-total outstanding dues of creditors other than micro enterprises and small enterprises	2,638.18	1,327.52
	2,687.81	1,365.56

*Includes dues payable to related parties (refer note 30)

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

21. Other current financial liabilities

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Capital creditors	61.57	338.67
Accrued employee liabilities	328.59	206.85
Unpaid dividend*	2.92	3.05
Other liabilities	9.19	8.40
Liability towards contingent consideration	-	43.21
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	-	67.67
Advance from related parties (Unsecured, considered good)		
Persistent Systems Israel Ltd.	-	0.61
	-	0.61
	402.27	668.46

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

22. Other liabilities

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Unearned revenue	530.99	302.30
Advance from customers	56.09	54.48
Other payables		
- Statutory liabilities	1,171.73	668.55
Payable to related companies	3,381.47	1,774.07
-Current		
Others*	111.29	180.72
	5,251.57	2,980.12
-Non current		
Others	25.51	9.93
	5,277.08	2,990.05

*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.

23. Current liabilities : Provisions

	As at March 31, 2024 In ₹ Million	As at March 31, 2023 In ₹ Million
Provision for employee benefits		
- Leave encashment	886.38	587.47
- Long service awards	34.02	34.18
- Other employee benefits	1,117.02	1,976.29
	2,037.42	2,597.94

24. Revenue from operations (refer note 30)

	For the quarter ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Software services	15,861.57	14,629.83	64,101.34	50,623.78
Software licenses	447.45	204.99	1,040.83	551.75
	16,309.02	14,834.82	65,142.17	51,175.53

25. Other income

	For the quarter ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Interest income				
- On deposits carried at amortised cost	60.83	76.69	261.45	281.55
- On Loan given to ESOP Trust	49.23	44.44	245.55	193.39
- On others	50.44	46.69	208.31	199.85
Dividend income from investments*	-	-	249.99	-
Other non-operating income				
Foreign exchange gain / (loss) (net)	43.10	(121.50)	209.51	(146.32)
Profit on sale of Property, plant and equipment (net)	15.21	0.33	22.95	2.99
Profit on sale of investments (net)	-	-	36.45	-
Net profit on sale / fair valuation of financial assets designated as FVTPL	112.77	45.51	293.35	145.23
Excess provision in respect of earlier periods / years written back	0.14	-	0.14	0.95
Miscellaneous income	20.10	18.59	117.16	61.07
	351.82	110.75	1,644.86	738.71

*Includes dividend received from investment in wholly owned subsidiaries. (refer note 30)

26. Personnel expenses

	For the quarter ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
26.1 Employee benefits expense				
Salaries, wages and bonus	9,148.54	7,598.42	34,663.68	28,190.17
Contribution to provident and other funds*	452.08	373.57	1,809.06	1,443.48
Staff welfare expense	291.54	244.46	1,288.09	717.34
Share based payments to employees	27.45	257.00	584.95	1,066.31
	9,919.61	8,473.45	38,345.78	31,417.30
26.2 Cost of professionals				
- Related parties (refer note 30)	1,233.04	639.87	4,615.53	1,564.89
- Others	412.58	239.45	1,372.07	952.94
	1,645.62	879.32	5,987.60	2,517.83
	11,565.23	9,352.77	44,333.38	33,935.13

* Includes gratuity and leave encashment.

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27. Other expenses*

	For the quarter ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	187.93	176.49	655.81	602.33
Electricity expenses (net)	28.38	28.13	124.56	104.09
Internet link expenses	16.79	23.75	86.79	58.21
Communication expenses	7.46	14.83	47.44	66.76
Recruitment expenses	37.20	66.01	138.81	257.17
Training and seminars	47.73	24.91	155.21	108.60
Purchase of software licenses and support expenses	868.65	683.09	3,136.92	2,030.95
Bad debts	59.66	46.11	59.66	46.11
Reversal of allowance for expected credit loss (net)	(62.06)	(16.49)	(15.95)	(4.46)
Rent	23.64	24.77	98.74	103.10
Insurance	12.89	11.03	71.45	34.39
Rates and taxes	11.86	13.36	51.60	56.55
Legal and professional fees	102.48	82.73	377.28	310.64
Repairs and maintenance				
- Plant and machinery	34.33	33.39	154.92	110.07
- Buildings	13.86	6.12	33.77	32.41
- Others	7.75	6.20	27.23	21.84
Selling and marketing expenses	461.91	364.27	1,730.07	1,376.05
Advertisement, conference and sponsorship fees	4.34	2.22	19.72	12.63
Computer consumables	5.14	1.68	15.28	6.43
Auditors' remuneration	6.32	4.00	12.33	9.80
Corporate social responsibility expenditure	70.45	45.10	175.45	117.60
Books, memberships, subscriptions	3.20	0.68	5.71	3.40
Directors' sitting fees	2.85	2.45	8.20	8.00
Directors' commission	8.75	6.09	34.11	27.95
Miscellaneous expenses	115.41	66.92	289.77	203.38
	2,076.92	1,717.84	7,494.88	5,704.00

* Includes expenses incurred with related parties (refer note 30)

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28. Earnings per share

		For the quarter ended		For the year ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<u>Numerator for basic and diluted EPS</u>					
Net profit after tax (In ₹ Million)	(A)	1,839.57	2,583.98	9,856.65	7,911.28
<u>Denominator for basic and diluted EPS</u>					
Weighted average number of equity shares	(B)	153,981,868	152,850,000	153,871,858	152,850,000
Basic and diluted earnings per share of face value of ₹ 5 each (In ₹)	(A/B)	11.95	16.91	64.06	51.76
<hr/>					
		For the quarter ended		For the year ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Number of outstanding equity shares		152,850,000	152,850,000	152,850,000	152,850,000
Add: weighted average number of shares issued during the period / year		1,131,868	-	1,021,858	-
Number of outstanding equity shares considered for basic and diluted EPS		153,981,868	152,850,000	153,871,858	152,850,000

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Persistent Systems Limited
NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

	March 31, 2023			(In ₹ Million)	
	FVTPL	FVTOCI	Amortised Cost	Fair value hierarchy*	
Financial assets / Financial liabilities					
Financial liabilities:					
Borrowings (including accrued interest)	-	-	3.75	-	-
Trade payables	-	-	1,365.56	-	-
Lease liabilities	-	-	1,555.59	-	-
Forward contracts payables	-	67.67	-	-	-
Other financial liabilities (excluding borrowings)	-	-	600.79	-	-
Total financial liabilities	-	67.67	3,525.69	-	-

***Fair value hierarchy:**

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

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

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

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

Investments in bonds:

	March 31, 2024		March 31, 2023		(In ₹ million)	
	Face Value	No. of Units	Cost	Face Value	No. of Units	Cost
Particulars						
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
Add: Interest accrued on bonds			78.70			80.43
Total investments carried at amortised cost			2,995.61			3,085.59

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30. Related Party Transactions

Refer to the Company's annual financial statements for the year ended March 31, 2024 for the full names and other details of the Company's related parties.

The Company's significant related party transactions during the period ended and outstanding balances as at March 31, 2024 and March 31, 2023 are with its related parties with whom the Company generally enters into transactions which are at arms length and in the ordinary course of business.

31. Contingent liabilities

Sr. No	Particulars	(In ₹ Million)	
		As at March 31, 2024	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 Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017. The Company has paid ₹ 165.58 Million under protest towards the demand and the same forms part of the GST receivable balance. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Company will be eligible to claim credit / refund for the amount paid.	173.78	173.78
	(ii) 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)	Guarantees and Letter of comfort on behalf of subsidiaries		
1	Letters of comfort on behalf of subsidiaries (USD 24.69 Million (Previous year : USD 51.69 Million))	2,059.15	4,247.37

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

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Persistent Systems Limited**NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS****32 Business Combination**

Pursuant to a share purchase agreement, the Company acquired 100% equity interest in MediaAgility India Private Limited on April 29, 2022 for a consideration of ₹ 971.45 Million. During the year ended March 31, 2023 the acquisition of the said business was accounted by applying the acquisition method on provisional basis in the consolidated financial statements of the Company.

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

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

34 During the period Persistent Systems Limited, Australia branch has entered into business transfer agreement and accordingly business of the Australia branch has been transferred 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.

35 The Company has recognised notional interest on lease liability of ₹ 147.50 Million (Previous year: ₹ 119.73 Million) under finance cost as required by Ind AS 116: Leases.

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

37 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 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 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 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.

38 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.

39 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.

40 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.

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

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

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

SHASHI TADWALKAR
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Date: 2024.04.21 21:12:47 +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 10:13 EDT)

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Place: USA
Date : April 21, 2024

Sandeep Kalra

Sandeep Kalra (Apr 21, 2024 10:04 EDT)

Sandeep Kalra
Executive Director and Chief Executive Officer
DIN: 02506494

Place: USA
Date : April 21, 2024

PRAVEEN PURUSHOTTAM KADLE
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Date: 2024.04.21 20:34:00 +05'30'

Praveen Kadle
Independent Director
DIN: 00016814

Place: India
Date : April 21, 2024

Sunil Sapre

Sunil Sapre (Apr 21, 2024 10:15 EDT)

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: USA
Date : April 21, 2024

Amit Atre

Amit Atre (Apr 21, 2024 10:04 EDT)

Amit Atre
Company Secretary
Membership No. A20507

Place: USA
Date : April 21, 2024