

NSE & BSE / 2023-24 / 015A

April 27, 2023

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

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

Ref: Symbol: PERSISTENT

Ref: Scrip Code: 533179

Dear Sir/Madam,

Sub: Audited Consolidated Financial Statements for the year ended March 31, 2023

We wish to inform you that the meeting of the Board of Directors was held in California, USA as follows:

Particulars	USA Local Time (PDT)	Indian Standard Time (IST)
Commenced on	Monday, April 24, 2023, at 0915 Hrs	Monday, April 24, 2023, at 2145 Hrs
Concluded at	Monday, April 24, 2023, at 1350 Hrs	Tuesday, April 25, 2023, at 0220 Hrs

During the aforesaid meeting, the Board approved the Audited Financial Statements for the quarter and year ended March 31, 2023.

Accordingly, please find enclosed audited Consolidated Financial Statements for the year ended March 31, 2023.

Please acknowledge the receipt.

Thanking you,

Yours Sincerely,
For **Persistent Systems Limited**

Amit
Murari
Atre

Digitally signed
by Amit Murari
Atre
Date: 2023.04.27
14:09:45 +05'30'

Amit Atre
Company Secretary
ICSI Membership No.: A20507

Encl: As above

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Independent Auditor's Report

To the Members of Persistent Systems Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Persistent Systems Limited ('the Holding Company') and its subsidiaries and its controlled trust (the Holding Company, its subsidiaries and its controlled trust together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and controlled trust the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31 March 2023, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. The following Emphasis of Matter paragraphs included in audit report of the financial results of certain subsidiaries, audited by an independent firm of Chartered Accountants, vide their audit reports dated 22 April 2023 which are reproduced by us as under:

Persistent Systems Limited
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Name of the subsidiary	Emphasis of matter
CAPIOT Software Inc	Without qualifying our opinion, we hereby draw attention to Note XX, which states that the financial statements have been prepared by management on going concern principle based on factors such as future business plans, continued financial support from parent and measures implemented to control loss.
SCI Fusion 360 LLC	
CAPIOT Software Private limited	
PARX Consulting GmbH	
Youperience GmbH	
Youperience Limited	
Persistent Systems Australia Pty Ltd	
Persistent Systems S.r.l.	
CAPIOT Software Pte Limited	In our opinion material uncertainty exists relating to going concern in view of the facts stated hereafter. Management has decided to close the business because of events or conditions affecting the commercial viability. Further, application for liquidation has been filed with local authorities.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

- Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
- we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Accuracy of revenues and onerous obligations in respect of fixed-price contracts</p> <p>Refer Note 4.3(i) in notes forming part of the Consolidated Financial Statements.</p> <p>The Group has entered into various fixed-price software development contracts, for which revenue is recognized by the Group using the percentage of completion computed as per the Input method prescribed under Ind AS 115 Revenue from Contracts with Customers. The said revenue recognition accounting policy 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 customised and complex nature of these contracts and significant involvement of IT systems. High estimation uncertainty relating to determination of the progress of each contract, 	<p>Our audit work included but was not restricted to the following procedures:</p> <ul style="list-style-type: none"> Obtained an understanding of the systems, processes and controls implemented by management for recording and calculating revenue, and the associated unbilled revenue, unearned and deferred revenue balances, and onerous contract obligations. Tested the design and operating effectiveness of related manual controls and involved auditor's experts to: <ul style="list-style-type: none"> Test key information technology (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; and 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

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<p>costs incurred till date and additional costs required to complete the remaining contract.</p> <ul style="list-style-type: none"> • 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>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.</p> <ul style="list-style-type: none"> • 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. • Evaluated the appropriateness of disclosures made in the financial statements with respect to revenue recognized during the year as required by applicable Indian Accounting Standards.
<p>ESOP valuation and consolidation of ESOP Trust</p> <p>As noted in the Accounting Policies in note 4.3 (r) and note 35 of the Consolidated Financial Statements, the Group has recognized liability for share-based payments:</p> <p>As required by Ind AS 102, based on a fair valuation performed by a management's valuation specialist, the Group has recognised the cost of share-based payments to employees and Share Option Outstanding Reserve.</p> <p>Measuring the share based payments requires management to make multiple estimates and assumptions including volatility of share, performance factor, attrition rate, non-acceptance factors and fair value of options.</p> <p>We have considered the above matters of most significance to our current year audit considering the materiality of the amounts involved, assumptions of management for fair value of options.</p>	<p>Our audit procedures relating to ESOP valuation made by the Group included but was not restricted to the following procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of the terms and arrangements of Employee stock option plans • Tested the design and operating effectiveness of management controls over the ESOP Valuation. • Evaluated management's assumptions in respect of various estimates; • Reviewed the report from management's valuation specialist considered for valuation of grants during the year; • Evaluated independence, competency and objectivity of valuation specialist; • Assessed the reasonableness of the management assumptions, estimates; • Involved our auditor's internal valuation specialists to validate the valuation methodology and approach considered by the management's specialist and ascertained arithmetical accuracy of computation of share-based payment expense and related Share Option Outstanding Reserve; • Obtained an understanding of the terms and arrangements of updated Trust deed.

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<p>During the year, PSPL ESOP Management Trust (hereinafter referred as 'ESOP Trust') has amended the existing deed w.e.f. 1 April 2022. The Group has evaluated the criteria given in Ind AS 110 for control over the ESOP Trust and included ESOP Trust in its consolidated financial statements.</p> <p>We have considered the above matters of most significance to our current year audit considering the materiality of the amounts involved, judgement involved in assumptions management estimates for the valuation performed and control assessment in accordance with Ind As 110.</p>	<ul style="list-style-type: none"> • Evaluated that management's assessment of control over ESOP Trust as per Ind AS 110. • Ascertained whether accounting for consolidation of ESOP trust is in accordance with Ind AS 110. • Ascertained appropriateness of presentation and disclosures.
<p>Accounting for Business Combinations</p> <p>Refer Note 3 in notes forming part of the Consolidated Financial Statements.</p> <p>During the year ended 31 March 2023, the Group has acquired the business of MediaAgility Inc., Media Agility Pte. Ltd., Media Agility UK Ltd., Digital agility S de RL de CV and Media Agility India Private Limited for total consideration of ₹ 5,534.76 million, based on Share Purchase Agreement (SPA) and other related arrangements. The Group has primarily acquired Customer related intangibles and non-compete commitments as a result of these acquisitions. Further, the Group has completed a purchase price allocation in the current year ended 31 March 2023 in respect of the acquisitions concluded during the year ended 31 March 2022 as further described in the note.</p> <p>The Group has accounted for aforementioned business acquisitions in accordance with Ind AS 103, Business Combinations, which requires the recognition of identifiable assets and liabilities including identifiable intangibles, in a business combination at fair value on the date of acquisition, with the excess of the acquisition price over the identified fair values recognised as goodwill.</p> <p>The details of the assets and liabilities acquired along with their fair values, the resultant goodwill recognised and the consideration (including contingent consideration) for the acquisitions have been disclosed in Note 44 to the accompanying consolidated financial statements including the management's decision to avail the measurement period exemption under Ind AS 103 for purchase price allocation of one year from acquisition date.</p>	<p>Our audit procedures relating to acquisitions made by the Group included but was not restricted to the following procedures:</p> <ul style="list-style-type: none"> • Obtained and understood the terms and arrangements for various business acquisitions made by the Group during the year to assess the control over the business and the acquisition date, in accordance with Ind AS 103, by obtaining required understanding and representations from the Group management; • Obtained report of the management's external valuation specialist for the valuation of intangibles including the purchase price allocation and assessed the competence, capabilities and objectivity of the management's expert and gained an understanding of the work done by the valuation expert; • Assessed the reasonableness of the management estimates and judgements used to fair value the identifiable assets and liabilities and identifiable intangible assets; • Understood the criterion for contingent consideration payable under the respective contracts and the accounting as per Ind AS 103 and thereby tested the management estimates involved in the same. • Tested the identifiable assets and liabilities which form part of working capital including any adjustment thereof, to assess the reasonableness / appropriateness of the amounts used for purchase price allocation; • Involved our auditor's valuation experts to assist us in validating the valuation assumptions and methodology considered by the management's expert to allocate the purchase price to identifiable assets and liabilities; • Assessed the reasonableness of the recoverable amount of goodwill recorded as on the date of acquisition by evaluating the

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<p>Contingent consideration payables are remeasured at fair value at each reporting date, and may be affected by changes in the estimation of post-acquisition performance of the acquired businesses. Any resulting gain or loss is recognised in the consolidated profit and loss account. For the year ended 31 March 2022, no gain/loss was recognised in the consolidated profit and loss account.</p> <p>Management has appointed an independent valuation expert to allocate the purchase price to the identifiable assets and liabilities and identified intangible assets. Basis such valuation, the management has recognised identifiable assets (including identifiable intangible assets), liabilities at respective fair values and resulting goodwill as on the date of acquisition. The business valuations involved multiple estimates and assumptions including the model used, growth rate of the business acquired, customer attrition rate, discount rates etc.</p> <p>We have considered the above business combinations to be a matter of most significance to our current year audit considering multiple transactions, and materiality of the amounts involved, complexity involved in assumptions and management estimates for the valuation performed consideration of the requirements of Ind AS 103, identification of intangible assets, calculation of contingent consideration.</p>	<p>valuation model applied including the management estimates and judgement;</p> <ul style="list-style-type: none">• Evaluated the appropriateness and adequacy of disclosures given in the consolidated financial statements, including disclosure of significant assumptions and judgements, in accordance with applicable accounting standards.
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Information other than the Consolidated Financial Statements and Auditor's Report thereon

7. The Holding Company's Board of Directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Annual report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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Independent Auditor's Report on the Audit of the Consolidated Financial Statements

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances , Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and
 - 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.
 - Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
13. 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.
14. 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.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

16. We did not audit the financial statements of twenty eight subsidiaries and one controlled trust, whose financial statements reflect total assets of ₹12,401.24 million and net assets of ₹ 4,230.70 million as at 31 March 2023, total revenues of ₹ 9,808.10 million and net cash outflows amounting to ₹ (40,940.31) million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and controlled trust, and our report

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in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries and controlled trust are based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiaries we report that the Holding Company, incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to two subsidiary companies incorporated in India whose financial statements have been audited under the Act, since none of such companies is a public company as defined under section 2(71) of the Act.
18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraph 16 above, of companies included in the consolidated financial statements for the year ended 31 March 2023 and covered under the Act we report that:

- A) Following is the qualification/adverse remark reported by us in the order report of the companies included in the consolidated financial statements for the year ended 31 March 2023 for which such order report have been issued till date:

Sr. No.	Name	CIN	Holding Company / subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Persistent Systems Limited	L72300PN1990PLC056696	Holding Company	(iii) (c)

19. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

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- d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
- e) On the basis of the written representations received from the directors of the Holding Company, its subsidiary companies, and taken on record by the Board of Directors of the Holding Company, its subsidiary companies {and the reports of the statutory auditors of its subsidiary companies, covered under the Act, none of the directors of the Group companies, are disqualified as on 31 March 2023 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 Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' wherein we have expressed an unmodified opinion; and
- 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 and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 42 to the consolidated financial statements;
- ii. The Holding Company, its subsidiary companies and controlled trust did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023; There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies during the year ended 31 March 2023;
- iii.
- a. The respective managements of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, respectively that, to the best of their knowledge and belief, on the date of this audit report other than as disclosed in note 50 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- b. The respective managements of the Holding Company and its subsidiary companies, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries that, to the best of their knowledge and belief, on the date of this audit report as disclosed in the note 51 to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies 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

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Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- iv. The interim dividend declared and paid by the Holding Company during the year ended 31 March 2023 and until the date of this audit report is in compliance with section 123 of the Act.
- The final dividend paid by the Holding Company during the year ended 31 March 2023 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.
- v. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

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

SHASHI
TADWALKAR

Digitally signed by
SHASHI TADWALKAR
Date: 2023.04.24
19:06:00 -06'00'

Shashi Tadwalkar
Partner
Membership No.: 101797

UDIN: 23101797BGXEZL4369

Place: USA
Date: 24 April 2023

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Annexure A referred to in Paragraph 19(f) of the to the Independent Auditor's Report of even date to the members of Persistent Systems Limited on the consolidated financial statements for the year ended 31 March 2023

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

1. In conjunction with our audit of the consolidated financial statements of Persistent Systems Limited ('the Holding Company'), its subsidiaries and its controlled trust (the Holding Company, its subsidiaries and its controlled trust together referred to as 'the Group'), as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company, which are companies covered under the Act, as at that date.

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

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

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

3. The audit of internal financial controls with reference to financial statements of one subsidiary, which is a company covered under the Act, and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13 June 2017 read with corrigendum dated 14 July 2017. Consequently, our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and 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 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.

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary company,, the Holding Company, its subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on audit of Internal Financial Control over Financial Reporting issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is company covered under the Act, whose financial statements reflect total assets of ₹ 1,452.15 million and net assets of ₹485.88 million as at 31 March 2023, total revenues of ₹ 939.58 million and net cash inflows amounting to ₹ 98.93 million for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company have been audited by other auditors whose report has been furnished to us by the management and our report on the adequacy

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

and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

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

SHASHI
TADWALKAR

Digitally signed by
SHASHI TADWALKAR
Date: 2023.04.24
19:06:42 -06'00'

Shashi Tadwalkar
Partner
Membership No.: 101797

UDIN: 23101797BGXEZL4369

Place: USA
Date: 24 April 2023

Persistent Systems Limited

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

	Notes	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
ASSETS			
Non-current assets			
Property, plant and equipment	5.1	4,859.95	2,917.67
Capital work-in-progress	5.2	161.38	1,071.20
Right of use assets	5.3	2,198.21	1,358.21
Goodwill	5.4	7,183.71	2,790.22
Other Intangible assets	5.5	9,171.42	8,269.63
		23,574.67	16,406.93
Financial assets			
- Trade receivables	12	125.54	-
- Investments	6	4,516.00	3,877.72
- Loans	7	-	3,522.00
- Other non-current financial assets	8	946.16	340.74
Deferred tax assets (net)	9	1,129.29	1,122.72
Other non-current assets	10	720.78	531.61
		31,012.44	25,801.72
Current assets			
Financial assets			
- Investments	11	1,879.66	4,346.91
- Trade receivables (net)	12	15,704.64	9,484.29
- Cash and cash equivalents	13	4,670.12	2,977.99
- Bank balances other than cash and cash equivalents	14	4,352.68	6,166.59
- Other current financial assets	16	4,855.61	3,231.00
Current tax assets (net)		451.71	179.57
Other current assets	17	3,254.59	2,002.94
		35,179.01	28,389.29
TOTAL		66,191.45	54,191.01
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	18	764.25	764.25
Other equity		38,886.53	32,917.95
		39,650.78	33,682.20
LIABILITIES			
Non-current liabilities			
Financial liabilities			
- Borrowings	19	2,057.59	2,800.79
- Lease liabilities	20	1,592.20	1,114.29
- Other financial liabilities	23	2,888.92	2,088.60
Other non-current liabilities	24	47.86	-
Provisions	21	373.03	245.54
		6,959.60	6,249.22
Current liabilities			
Financial liabilities			
- Borrowings	19	2,227.51	1,524.56
- Lease liabilities	20	676.39	342.58
- Trade payables	22		
- Total outstanding dues of micro and small enterprises		34.04	10.30
- Total outstanding dues of creditors other than micro and small enterprises		5,655.04	4,288.41
- Other financial liabilities	23	3,944.70	2,173.60
Other current liabilities	24	2,100.01	1,621.76
Provisions	25	4,649.24	3,949.66
Current tax liabilities (net)		294.14	348.72
		19,581.07	14,259.59
TOTAL		66,191.45	54,191.01

Summary of significant accounting policies 4

The accompanying notes are an integral part of the consolidated 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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Date: 2023.04.24 19:07:13 -06'00'

Anand Deshpande

Praveen Purushottam Kadle
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Date: 2023.04.24 16:33:43 -07'00'

Sandeep Kalra
Sandeep Kalra (Apr 24, 2023 15:48 PDT)

Shashi Tadwalkar
Partner
Membership No. : 101797

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Sandeep Kalra
Executive Director and Chief Executive Officer
DIN: 02506494

Praveen Kadle
Independent Director
DIN: 00016814

Place : USA
Date : April 24, 2023

Place : USA
Date : April 24, 2023

Place : USA
Date : April 24, 2023

Sunil Sapre
Sunil Sapre (Apr 24, 2023 14:36 PDT)

Amit Atre
Amit Atre (Apr 24, 2023 14:31 PDT)

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Amit Atre
Company Secretary
Membership No, A20507

Place : USA
Date : April 24, 2023

Place : USA
Date : April 24, 2023

Place : USA
Date : April 24, 2023

Persistent Systems Limited

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

	Notes	For the year ended	
		March 31, 2023	March 31, 2022
		In ₹ Million	In ₹ Million
Income			
Revenue from operations (net)	26	83,505.92	57,107.46
Other income	27	706.17	1,439.55
Total income (A)		84,212.09	58,547.01
Expenses			
Employee benefits expense	28.1	49,695.65	34,593.10
Cost of professionals	28.2	10,426.01	7,974.18
Finance costs (refer note 48)		473.40	118.35
Depreciation and amortization expense	5.6	2,718.95	1,660.12
Other expenses	29	8,193.01	4,958.47
Total expenses (B)		71,507.02	49,304.22
Profit before exceptional items and tax (A - B)		12,705.07	9,242.79
Exceptional item			
Provision for export incentives (refer note 42)		296.55	-
Profit before tax		12,408.52	9,242.79
Tax expense			
Current tax		3,115.31	2,322.85
Tax charge in respect of earlier years		(3.54)	42.57
Deferred tax credit		85.82	(26.49)
Total tax expense		3,197.59	2,338.93
Net Profit for the year (C)		9,210.93	6,903.86
Other comprehensive income			
Items that will not be reclassified to profit or loss (D)			
- Remeasurements of the defined benefit liabilities / asset		(17.69)	(248.05)
- Income tax effect on above		5.31	64.18
		(12.38)	(183.87)
Items that may be reclassified to profit or loss (E)			
- Effective portion of cash flow hedge		(63.55)	(130.49)
- Income tax effect on above		15.99	32.84
- Exchange differences in translating the financial statements of foreign operations		798.19	138.96
		750.63	41.31
Total other comprehensive income / (loss) for the year (D) + (E)		738.25	(142.56)
Total comprehensive income for the year (C) + (D) + (E)		9,949.18	6,761.30
Earnings per equity share			
[Nominal value of share ₹10 (Previous year: ₹10)]	30		
Basic (In ₹)		123.73	90.34
Diluted (In ₹)		120.52	90.34
Summary of significant accounting policies			
	4		

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

As per our report of even date

For Walker Chandiook & 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: 2023.04.24
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Anand Deshpande

Sandeep Kalra

Sandeep Kalra (Apr 24, 2023 15:48 PDT)

Praveen
Purushottam
Kadle

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by Praveen
Purushottam
Kadle
Date: 2023.04.24
16:34:08 -07'00'

Shashi Tadwalkar
Partner
Membership No. : 101797

Dr. Anand Deshpande
Chairman and
Managing Director

DIN: 00005721

Place : USA
Date : April 24, 2023

Sandeep Kalra
Executive Director and
Chief Executive Officer

DIN: 02506494

Place : USA
Date : April 24, 2023

Praveen Kadle
Independent Director

DIN: 00016814

Place : USA
Date : April 24, 2023

Sunil Sapre

Sunil Sapre (Apr 24, 2023 14:36 PDT)

Sunil Sapre
Executive Director and
Chief Financial Officer

DIN: 06475949

Place : USA
Date : April 24, 2023

Amit Atre

Amit Atre (Apr 24, 2023 14:31 PDT)

Amit Atre
Company Secretary

Membership No. A20507

Place : USA
Date : April 24, 2023

Place : USA
Date : April 24, 2023

Persistent Systems Limited
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

	For the year ended	
	March 31, 2023 In ₹ Million	March 31, 2022 In ₹ Million
Cash flow from operating activities		
Profit before tax	12,408.52	9,242.79
Adjustments for:		
Interest income	(512.63)	(600.22)
Finance costs	473.40	118.35
Depreciation and amortization expense	2,718.95	1,660.12
Unrealised exchange loss/ (gain) (net)	190.68	(25.92)
Change in foreign currency translation reserve	491.89	305.64
Exchange loss on derivative contracts	88.69	79.38
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents	(10.54)	1.70
Bad debts	82.33	65.27
Allowance / (Reversal) for expected credit loss (net)	3.03	(105.06)
Employee stock compensation expenses	1,357.14	950.23
Loss / Impairment of non current investments	-	148.40
Remeasurements of the defined benefit liabilities / asset (before tax effects)	(17.69)	(183.87)
Excess provision in respect of earlier years written back	(32.44)	(66.00)
Profit on sale/ fair valuation of financial assets designated as FVTPL	(196.52)	(354.30)
Profit on sale of property, plant and equipment (net)	(1.69)	(12.45)
Provision for export incentives (refer note 42)	296.55	-
Operating profit before working capital changes	17,339.67	11,224.06
Movements in working capital :		
Decrease in non-current and current loans	1.83	5.69
Decrease / (Increase) in other non current assets	435.75	(147.89)
Increase in other financial assets	(1,541.68)	(869.22)
(Increase) / Decrease in other current assets	(1,233.36)	146.71
Increase in trade receivables	(5,554.83)	(3,508.56)
Increase in trade payables, current liabilities and non current liabilities	2,687.81	2,489.72
Increase in provisions	827.07	1,476.47
Operating profit after working capital changes	12,962.26	10,816.98
Direct taxes paid (net of refunds)	(3,404.64)	(2,367.12)
Net cash generated from operating activities (A)	9,557.62	8,449.86
Cash flows from investing activities		
Payment towards capital expenditure (including intangible assets, capital advances and capital creditors)	(4,332.99)	(3,853.97)
Proceeds from sale of property, plant and equipment	11.98	46.02
Acquisition of step-down subsidiaries/businesses including cash and cash equivalents: ₹ 642.81 Million (Previous year ₹ 61.07 million)	(4,310.57)	(6,154.02)
Purchase of bonds	(237.41)	(711.90)
Proceeds from sale/ maturity of bonds	31.49	499.95
Investments in mutual funds	(37,285.09)	(33,456.80)
Proceeds from sale / maturity of mutual funds	40,054.82	35,762.24
Proceeds from maturity of bank deposits having original maturity over three months	1,715.51	1,121.92
Investments in deposits with financial institutions	(400.00)	(100.00)
Investment in common / preferred stocks	-	(123.61)
Loan to ESOP Trust	-	(3,522.00)
Interest received	539.16	718.74
Net cash used in investing activities (B)	(4,213.10)	(9,773.43)
Cash flows from financing activities		
Repayment of long term borrowings in Indian rupee	(1.86)	(1.84)
Net proceeds from foreign currency long term borrowings	(38.37)	4,280.99
Payment of lease liabilities	(545.22)	(350.83)
Interest paid	(473.42)	(118.38)
Dividends paid	(2,980.58)	(1,987.05)
Net cash (used in) / generated from financing activities (C)	(4,039.45)	1,822.89

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Persistent Systems Limited**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023**

	For the year ended	
	March 31, 2023	March 31, 2022
	In ₹ Million	In ₹ Million
Net increase in cash and cash equivalents (A + B + C)	1,305.07	499.32
Cash and cash equivalents at the beginning of the year	2,977.99	2,419.30
Cash and cash equivalents acquired on acquisition	642.81	61.07
Effect of exchange difference on translation of foreign currency cash and cash equivalents	10.54	(1.70)
Impact of ESOP Trust consolidation	(266.29)	-
Cash and cash equivalents at the end of the year	4,670.12	2,977.99
Components of cash and cash equivalents		
Cash on hand (refer note 14)	0.25	0.24
Balances with banks		
On current accounts # (refer note 14)	3,583.44	2,337.96
On saving accounts (refer note 14)	33.21	1.64
On exchange earner's foreign currency accounts (refer note 14)	638.90	259.20
On Other accounts (refer note 14)	414.32	378.95
Cash and cash equivalents	4,670.12	2,977.99

Of the cash and cash equivalent balance as at March 31, 2023, the Group can utilise ₹ 125.39 Million (Previous year: ₹ 35.75 Million) only towards certain predefined activities specified in the agreement.

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

Summary of significant accounting policies - refer note 4

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

As per our report of even date

For Walker 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
Digitally signed by SHASHI TADWALKAR
Date: 2023.04.24 19:08:11 -06'00'

Anand Deshpande

Sandeep Kalra
Sandeep Kalra (Apr 24, 2023 15:48 PDT)

Praveen Purushottam Kadle
Digitally signed by Praveen Purushottam Kadle
Date: 2023.04.24 16:34:38 -07'00'

Shashi Tadwalkar
Partner

Dr. Anand Deshpande
Chairman and Managing Director

Sandeep Kalra
Executive Director and Chief Executive Officer

Praveen Kadle
Independent Director

Membership No. : 101797

DIN: 00005721

DIN: 02506494

DIN: 00016814

Place : USA
Date : April 24, 2023

Place : USA
Date : April 24, 2023

Place : USA
Date : April 24, 2023

Sunil Sapre
Sunil Sapre (Apr 24, 2023 14:36 PDT)

Amit Atre
Amit Atre (Apr 24, 2023 14:31 PDT)

Sunil Sapre
Executive Director and Chief Financial Officer

Amit Atre
Company Secretary

DIN: 06475949

Membership No. A20507

Place : USA
Date : April 24, 2023

Place : USA
Date : April 24, 2023

Place : USA
Date : April 24, 2023

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Persistent Systems Limited**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023****A. Share capital**

(refer note 18)

(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

(In ₹ Million)

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

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Persistent Systems Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus						Items of other comprehensive income		Total	
	General reserve	Share options outstanding reserve	Gain on bargain purchase	Capital redemption reserve	Retained earnings	Treasury shares	PSL ESOP Trust reserve	Effective portion of cash flow hedges		Exchange differences on translating the financial statements of foreign operations
Balance as at April 1, 2022	17,376.65	1,144.84	57.80	35.75	13,553.90	-	-	41.80	707.21	32,917.95
Profit for the period	-	-	-	-	9,210.93	-	-	-	-	9,210.93
Items recognised in / from other comprehensive income for the year	-	-	-	-	(12.38)	-	-	(47.56)	798.19	738.25
Dividend	-	-	-	-	(2,980.58)	-	-	-	-	(2,980.58)
Dividend Paid to ESOP trust	-	-	-	-	-	-	70.31	-	-	70.31
Shares held by ESOP trust	-	-	-	-	-	(2,435.67)	-	-	-	(2,435.67)
Transfer to general reserve	3,164.51	-	-	-	(3,164.51)	-	-	-	-	-
Adjustments towards employees stock options	283.10	(283.10)	-	-	-	-	-	-	-	-
Employee stock compensation expenses	-	1,357.14	-	-	-	-	-	-	-	1,357.14
Other changes during the year	0.19	3.14	4.87	-	-	-	-	-	-	8.20
Balance at March 31, 2023	20,824.45	2,222.02	62.67	35.75	16,607.36	(2,435.67)	70.31	(5.76)	1,505.40	38,886.53

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

Summary of significant accounting policies - refer note 4

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

As per our report of even date

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

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2023.04.24
19:08:36 -06'00'

Shashi Tadwalkar
Partner

Membership No. : 101797

Place : USA
Date : April 24, 2023

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

Anand Deshpande

Dr. Anand Deshpande
Chairman and
Managing Director

DIN: 00005721

Place: USA
Date : April 24, 2023

Sunil Sapre
Sunil Sapre (Apr 24, 2023 14:36 PDT)

Sunil Sapre
Executive Director
and Chief Financial Officer

DIN: 06475949

Place: USA
Date : April 24, 2023

Sandeep Kalra

Sandeep Kalra (Apr 24, 2023 15:48 PDT)

Sandeep Kalra
Executive Director and
Chief Executive Officer

DIN: 02506494

Place: USA
Date : April 24, 2023

Amit Atre
Amit Atre (Apr 24, 2023 14:31 PDT)

Amit Atre
Company Secretary

Membership No. A20507

Place: USA
Date : April 24, 2023

Praveen Purushottam Kadle
Digitally signed by Praveen Purushottam Kadle
Date: 2023.04.24
16:36:00 -07'00'

Praveen Kadle
Independent Director

DIN: 00016814

Place: USA
Date : April 24, 2023

Persistent Systems Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

Nature and purpose of reserves

a) General reserve

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

b) Share options outstanding reserve

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

c) Gain on bargain purchase

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

d) Capital redemption reserve

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

e) Cash flow hedge reserve

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

f) Foreign currency translation reserve

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

g) PSL ESOP Trust reserve and Treasury shares

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

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

Persistent Systems Limited

Notes forming part of consolidated financial statements

1 Nature of operations

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

The Board of Directors approved the consolidated financial statements for the year ended March 31, 2023 and authorised for issue on April 24, 2023.

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

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

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

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

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

Aepona Group Limited, an Ireland based wholly owned subsidiary of Persistent Systems, Inc. operates as the holding Company of Persistent Systems UK Ltd.

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

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

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

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

Persistent Systems Germany GmbH (wholly owned subsidiary of PSL) operates as the holding Company of Persistent Systems Switzerland AG, Youperience GmbH, Data Glove IT Solutions Limitada and Persistent Systems S.r.l., Romania.

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

Persistent Systems Limited

Notes forming part of consolidated financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2 Basis of preparation

2.1 Historical cost convention

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

2.2 Compliance with Ind AS

These consolidated financial statements are prepared in accordance with Indian Accounting Standard, the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. These consolidated financial statements do not include all the information required for a complete set of financial statements under the applicable financial reporting framework. The functional currency of PSL and its Indian subsidiaries in INR and the functional currencies of other subsidiaries are their respective local currencies. Consolidated financial statements are presented in INR million unless otherwise specified.

2.3 New and amended standards adopted by the company

The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective 1 April 2022. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3 Basis of consolidation

The consolidated financial statements of the Parent Company and its subsidiaries ("the Group") for the year ended March 31, 2023 are prepared in accordance with generally accepted accounting principles applicable in India, and the Indian Accounting Standard 110 (Ind AS 110) on 'Consolidated Financial Statements', notified by Companies (Accounting Standards) Rules, 2015, ("Indian Accounting Standards") by and to the extent possible in the same format as that adopted by the Parent Company for its separate financial statements.

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

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

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

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

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

Persistent Systems Limited
Notes forming part of consolidated financial statements

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

Name of the subsidiary/ associate	Ownership Percentage as at		Country of incorporation
	31-Mar-23	31-Mar-22	
Persistent Systems, Inc.	100%	100%	USA
Persistent Systems Pte Ltd.	100%	100%	Singapore
Persistent Systems France SAS	100%	100%	France
Persistent Telecom Solutions Inc.	100%	100%	USA
Persistent Systems Malaysia Sdn. Bhd.	100%	100%	Malaysia
Aepona Group Limited	100%	100%	Ireland
Persistent Systems UK Limited (formerly known as Aepona Limited)	100%	100%	UK
Persistent Systems Lanka (Private) Limited	100%	100%	Sri Lanka
Persistent Systems Mexico, S.A. de C.V.	100%	100%	Mexico
Persistent Systems Israel Ltd.	100%	100%	Israel
Persistent Systems Germany GmbH	100%	100%	Germany
Persistent Systems Switzerland AG (formerly known as PARX Werk AG)	100%	100%	Switzerland
PARX Consulting GmbH	100%	100%	Germany
Youperience GmbH	100%	100%	Germany
Youperience Limited	100%	100%	United Kingdom
CAPIOT Software Private Limited (Acquired w.e.f. October 29, 2020)	100%	100%	India
CAPIOT Software Inc. (Acquired w.e.f. November 7, 2020)	100%	100%	USA
Persistent Systems Australia Pty Ltd (formerly known as Capiot Software Pty Ltd)	100%	100%	Australia
CAPIOT Software Pte Limited (Acquired w.e.f. November 7, 2020)	100%	100%	Singapore
Persistent Systems S.R.L. (Incorporated on March 23, 2021)	100%	100%	Italy
Software Corporation International (Acquired w.e.f. October 5, 2021)	100%	100%	USA
SCI Fusion360 LLC (Acquired w.e.f. October 5, 2021)	100%	100%	USA
Data Glove IT Solutions Limitada (Acquired w.e.f. March 1, 2022)	100%	100%	Costa Rica
Klisma e-Services India Pvt. Ltd. (Dissolved w.e.f. August 10, 2021)	-	-	India
MediaAgility India Private Limited (Acquired w.e.f. April 29, 2022)	100%	-	India
MediaAgility Inc. (Acquired w.e.f. May 4, 2022)	100%	-	USA
DIGITALAGILITY S DE RL DE CV (Acquired w.e.f. May 4, 2022)	100%	-	Mexico
MediaAgility UK Limited (Acquired w.e.f. May 4, 2022)	100%	-	UK
Media Agility Pte Ltd (Acquired w.e.f. May 4, 2022)	100%	-	Singapore
Persistent Systems S.R.L. Romania (Incorporated on Jun 17, 2022)	100%	-	Romania
PSPL ESOP Management Trust (Refer Note 1)	100%	-	India

The share of subsidiaries in the consolidated net assets, consolidated profit or loss and consolidated other comprehensive income is as follows:

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

4 Significant accounting policies**4.1 Use of estimates and judgements**

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

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

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

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

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

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

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

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

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

b) Income taxes

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits are available against which deductible temporary differences & tax losses can be utilized. Management evaluates if the deferred tax assets will be realised in future considering the historical taxable income, scheduled reversals of deferred tax liabilities, projected future taxable income and tax-planning strategies. While the Management believes that the Group Company will realise the deferred tax assets, the amount of deferred tax asset realisable, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

c) Business combination

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

d) Property, plant and equipment

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

e) Leases

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

f) Provisions and contingent liabilities

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

g) Defined benefits and compensated absences

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

h) Share based payments

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

i) Impairment of assets

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

4.3 Summary of significant accounting policies**a) Current versus non-current classification**

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

b) Property, Plant and Equipment

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

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

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

c) Intangible assets

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

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

Research and development cost

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

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

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

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

d) Depreciation and amortization

Depreciation on Property, Plant and Equipment is provided from the date the asset is made 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.

Persistent Systems Limited

Notes forming part of consolidated financial statements

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

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

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

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

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

e) Borrowing costs

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

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

f) Leases

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

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

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

Where the Group is a lessee

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

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

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

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

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

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

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

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

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

Group as a lessor

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

g) Impairment of Non-financial assets

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

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

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

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

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

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

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

Based on the testing, no impairment was identified as at March 31, 2023 and 2022 as the recoverable value of the CGUs exceeded the carrying value. An analysis of the calculation's sensitivity to a change in the key parameters (turnover and earnings multiples) did not identify any probable scenarios where the CGU's recoverable amount would fall below its carrying amount.

h) Financial instruments

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

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group's business model refers to how it manages 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 Group offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Persistent Systems Limited

Notes forming part of consolidated financial statements

Non-derivative financial instruments

Subsequent measurement

Financial assets

Financial assets at amortized cost

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

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

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

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

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

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

Cash and cash equivalents

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

Financial liabilities

Financial liabilities at amortised cost

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

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

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

Derivative financial instruments

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

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

Persistent Systems Limited

Notes forming part of consolidated financial statements

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

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

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

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

Derecognition

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

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

Financial guarantee contracts

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

Fair value of financial instruments

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

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

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

Impairment of financial assets

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

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

i) Revenue recognition

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

Income from software services and products

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

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

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

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

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

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

Persistent Systems Limited

Notes forming part of consolidated financial statements

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

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

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

Interest

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

Dividend

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

Contract balances

Contract assets

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

Contract liabilities

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

j) Government grants

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

k) Foreign currency translation

Foreign currency transactions and balances

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

Initial recognition

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

Conversion

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

Exchange differences

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

Translation of foreign operations

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

I) Employee benefits**Defined contribution plan****Provident fund**

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

Superannuation

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

Defined benefit plan**Gratuity**

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

Compensated absences and long service awards**Leave encashment**

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

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

Persistent Systems Limited

Notes forming part of consolidated financial statements

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

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

Long service awards

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

Other employee benefits

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

m) Income taxes

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

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

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

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

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

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

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

n) Segment reporting**(i) Identification of segment**

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

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

(ii) Allocation of income and direct expenses

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

(iii) Unallocated items

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

(iv) Inter-segment transfers

There are no inter-segments transactions.

(v) Segment accounting policies

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

o) Earnings per share (EPS)

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

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

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

p) Provisions

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

q) Contingent liabilities and commitments

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent assets are neither recognised nor disclosed in consolidated financial statements.

r) Share based payments

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

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

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

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

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

s) Equity

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

t) Treasury shares

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

u) Dividend

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

v) Business combination

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

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

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

w) Goodwill/ Gain on bargain purchase

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

Persistent Systems Limited

Notes forming part of consolidated financial statements

5.1 Property, plant and equipment

	Land - Freehold	Buildings *	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2022	221.62	2,455.16	4,003.93	100.38	1,399.89	47.69	734.18	7.27	8,970.12
Additions	784.61	421.84	756.85	24.73	568.53	14.04	348.40	8.64	2,927.64
Additions through business combinations (refer note 44)	-	-	29.34	2.69	-	4.40	6.02	-	42.45
Disposals	-	0.20	79.32	0.98	9.04	3.73	5.74	0.03	99.04
Effect of foreign currency translation from functional currency to reporting currency	0.91	4.09	63.03	3.97	1.53	4.78	16.64	-	94.95
As at March 31, 2023	1,007.14	2,880.89	4,773.83	130.79	1,960.91	67.18	1,099.50	15.88	11,936.12
Accumulated Depreciation									
As at April 1, 2022	-	1,281.98	2,767.92	90.52	1,188.81	45.01	672.26	5.95	6,052.45
Additions through business combination (refer note 44)	-	-	21.01	2.32	-	4.18	5.14	-	32.65
Charge for the year	-	109.57	731.08	6.28	103.95	2.59	54.10	1.36	1,008.93
Disposals	-	0.18	75.38	0.89	8.93	3.55	5.03	0.03	93.99
Effect of foreign currency translation from functional currency to reporting currency	-	1.92	49.26	3.41	1.99	4.32	15.23	-	76.13
As at March 31, 2023	-	1,393.29	3,493.89	101.64	1,285.82	52.55	741.70	7.28	7,076.17
Net block as at March 31, 2023	1,007.14	1,487.60	1,279.94	29.15	675.09	14.63	357.80	8.60	4,859.95

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Persistent Systems Limited

Notes forming part of consolidated financial statements

5.1 Property, plant and equipment (continued)

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

* Note: Buildings include those constructed on leasehold land:

- Gross block as on March 31, 2023 ₹ 1,455.94 million (Previous year ₹ 1,455.94 million)
- Depreciation charge for the year ₹ 59.08 million (Previous year ₹ 59.07 million)
- Accumulated depreciation as on March 31, 2023 ₹ 676.22 million (Previous year ₹ 617.14 million)
- Net book value as on March 31, 2023 ₹ 779.72 million (Previous year ₹ 838.80 million)

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Persistent Systems Limited

Notes forming part of consolidated financial statements

5.2 Capital work in progress

	(In ₹ Million)	
	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
Capital work-in-progress		
As at April 1, 2022	1,071.20	112.33
Additions	2,017.82	1,098.06
Capitalised during the year	2,927.64	139.19
As at March 31, 2023	<u>161.38</u>	<u>1,071.20</u>

5.2 Capital work in progress (CWIP) ageing schedule

	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
Projects in progress	161.38	-	-	161.38
As at March 31, 2023	<u>161.38</u>	<u>-</u>	<u>-</u>	<u>161.38</u>

	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
Projects in progress	1,071.20	-	-	1,071.20
As at March 31, 2022	<u>1,071.20</u>	<u>-</u>	<u>-</u>	<u>1,071.20</u>

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Persistent Systems Limited

Notes forming part of consolidated financial statements

5.3 Right-of-use assets

	(In ₹ Million)		
	Leasehold Land	Office premises	Total
Gross block (At cost)			
As at April 1, 2022	37.50	1,841.75	1,879.25
Additions during the period	94.47	1,230.91	1,325.38
Disposals	-	133.72	133.72
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	55.36	55.36
As at March 31, 2023	131.97	2,994.30	3,126.27
Accumulated Depreciation			
As at April 1, 2022	1.76	519.28	521.04
Charge for the year	1.46	482.62	484.08
Disposals	-	126.78	126.78
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	49.72	49.72
As at March 31, 2023	3.22	924.84	928.06
Net block as at March 31, 2023	128.75	2,069.46	2,198.21
	(In ₹ Million)		
	Leasehold Land	Office premises	Total
Gross block (At cost)			
As at April 1, 2021	37.50	1,208.13	1,245.63
Additions during the period	-	831.31	831.31
Disposals	-	201.25	201.25
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	3.56	3.56
As at March 31, 2022	37.50	1,841.75	1,879.25
Accumulated Depreciation			
As at April 1, 2021	1.18	391.87	393.05
Charge for the year	0.58	287.93	288.51
Disposals	-	158.44	158.44
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	(2.08)	(2.08)
As at March 31, 2022	1.76	519.28	521.04
Net block as at March 31, 2022	35.74	1,322.47	1,358.21

5.4 Goodwill

	(In ₹ Million)		
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022
Cost			
Balance at beginning of year		2,790.22	85.94
Additions on business combinations		-	2,636.81
Addition on purchase price allocation of business combination (refer note 44 a & b)		4,051.66	-
Effect of foreign currency translation of foreign operations from functional currency to reporting currency		341.83	67.47
Balance at end of year	7,183.71	2,790.22	2,790.22

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, 2023 and March 31, 2022 is as follows :

	(In ₹ Million)		
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022
Segment			
a. Banking, Financial Services and Insurance (BFSI)	2,402.01		2,241.84
b. Healthcare & Life Sciences	-		-
c. Software, Hi-Tech and Emerging Industries	4,781.70		548.38
Total	7,183.71		2,790.22

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

	(In ₹ Million)		
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022
Long-term growth rate	15% to 25%		15% to 25%
Operating margins	25% to 35%		25% to 35%
Discount rate	5% to 15%		5% to 15%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. As at March 31, 2023, the estimated recoverable amount of the CGU exceeded its carrying amount. Reasonable sensitivities in key assumptions is unlikely to cause the carrying amount to exceed the recoverable amount of the cash generating units.

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

Persistent Systems Limited

Notes forming part of consolidated financial statements

5.5 Other Intangible assets

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

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

5.6 Depreciation and amortization

	(In ₹ Million)	
	For the year ended	
	March 31, 2023	March 31, 2022
On Property, Plant and Equipment	1,008.93	720.11
On Right of Use assets	484.08	288.51
On Other Intangible assets	1,225.94	651.50
	2,718.95	1,660.12

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Persistent Systems Limited

Notes forming part of consolidated financial statements

6. Non-current financial assets : Investments

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
Investments carried at amortised cost		
Quoted Investments		
In bonds	3,005.16	2,801.81
[Market value ₹ 2,933.21 million (Previous year ₹ 2,863.32 million)]		
Add: Interest accrued on bonds	80.43	77.48
Total investments carried at amortised cost (A)	3,085.59	2,879.29
Designated as fair value through profit and loss		
Unquoted Investments		
- Investments in mutual funds		
Fair value of long term mutual funds (refer Note 6a)	1,255.28	836.42
	1,255.28	836.42
Investments in Common Stocks / Preferred Stocks		
- Others*		
Ciqua Limited [Holding 2.38% (Previous year 2.38%)]		
0.04 million (Previous year : 0.04 million) shares of GBP 0.01 each, fully paid up	16.73	15.16
Add / (less) : Change in fair value of investment	(16.73)	(15.16)
	-	-
Altizon Systems Private Limited	6.00	6.00
3,766 equity shares (Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up	6.00	6.00
Hygenx Inc.	16.43	15.16
0.25 million (Previous year : 0.25 million) Preferred stock of \$ 0.001 each, fully paid up		
Add / (less) : Change in fair value of investment	(16.43)	(15.16)
	-	-
Trunomi Inc.	20.54	18.95
0.28 million (Previous year : 0.28 million) Preferred stock of \$ 0.0002 each, fully paid up	20.54	18.95
Monument Bank	134.01	123.61
0.024 million (Previous year: 0.024 million) Stock of GBP 50 each), fully paid up	154.55	142.56

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Persistent Systems Limited

Notes forming part of consolidated financial statements

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

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
DxNow 0.17 million Preferred Shares of \$ 0,00001 each (Previous year : 0.17 million Preferred Shares of \$ 0,00001)	10.27	9.47
Add / (less) : Change in fair value of investment	(10.27)	(9.47)
	<u>-</u>	<u>-</u>
Akumina Inc. 0.40 million Preference shares of \$ 0,443 each (Previous year : 0.40 million Preference shares of \$ 0,443 each)	14.58	13.45
	<u>14.58</u>	<u>13.45</u>
Total Investments carried at Fair Value (B)	<u>1,430.41</u>	<u>998.43</u>
Total investments (A) + (B)	<u>4,516.00</u>	<u>3,877.72</u>
Aggregate amount of impairment in value / change in fair value of investments	43.43	39.79
Aggregate amount of quoted investments	3,085.59	2,879.29
Aggregate amount of unquoted investments	1,473.84	1,038.22

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

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

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
Bandhan Mutual Fund (formerly known as IDFC Mutual Fund)	733.59	365.27
Axis Mutual Fund	491.04	471.15
HDFC Mutual Fund	30.65	-
	<u>1,255.28</u>	<u>836.42</u>

7. Non-current financial assets : Loans

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
Carried at amortised cost		
Other loans and advances		
Unsecured, considered good - Loan to ESOP trust*	-	3,522.00
Unsecured, credit impaired	0.58	0.58
	<u>0.58</u>	<u>3,522.58</u>
Less: Impairment of non-current loans	(0.58)	(0.58)
	<u>-</u>	<u>3,522.00</u>
	<u>-</u>	<u>3,522.00</u>

* Refer note no. 1 in accounting policy. The loan balance has been eliminated post consolidation of the ESOP Trust.

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Persistent Systems Limited

Notes forming part of consolidated financial statements

8. Other non-current financial assets

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
Considered good		
Carried at amortised cost		
Deposits with banks (refer note 14) *	41.60	3.19
Add: Interest accrued but not due on bank deposits (refer note 14)	0.98	0.17
Deposits with banks	42.58	3.36
Deposit with financial institutions	500.00	100.00
Add: Interest accrued but not due on deposit with financial institutions	20.22	0.41
Deposits with financial institutions	520.22	100.41
Security deposits	383.36	236.97
Credit impaired		
Deposit with financial institutions	430.00	430.00
Add: Interest accrued but not due on deposit with financial institutions	0.98	0.98
Less: Credit impaired	(430.98)	(430.98)
Deposits with financial institutions	-	-
	946.16	340.74

* Out of the balance, fixed deposits of ₹ 2.05 million (Previous year: ₹ 3.03 million) have been earmarked against credit facilities and bank guarantees availed by the Group.

9. Deferred tax asset (net) *

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
Deferred tax liabilities		
Differences in book values and tax base values of block of property, plant and equipment and intangible assets	75.28	89.31
Capital gains	22.82	51.11
Others	10.84	7.54
	108.94	147.96
Deferred tax assets		
Provision for leave encashment	270.80	224.94
Provision for long service awards	222.45	134.29
Allowance for expected credit loss	36.85	43.27
Differences in book values and tax base values of block of property, plant and equipment and intangible assets	176.31	170.18
Brought forward and current year losses	161.70	99.41
Tax credits	135.40	407.13
ROU asset and lease liability	42.68	31.71
Provision for shared based payments to employees	68.94	48.56
Cashflow on Hedges	1.94	-
Others	121.16	111.19
	1,238.23	1,270.68
Deferred tax assets after set off	1,129.29	1,122.72

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

10. Other non-current assets

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
Capital advances (Unsecured, considered good)	629.15	104.95
Balances with government authorities (refer note 42)	-	296.55
Prepayments	91.63	130.11
	720.78	531.61

Persistent Systems Limited

Notes forming part of consolidated financial statements

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

	As at April 1, 2022	Charge/ (Credit) in statement of Profit or loss	Credit/ (Charge) in other 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	89.31	(14.03)	-	75.28
Capital gains (net)	51.12	(28.30)	-	22.82
Cash flow hedges	14.06	-	(16.00)	(1.94)
Others	7.54	50.50	-	58.04
	162.03	8.17	(16.00)	154.20
Deferred tax assets				
Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets	170.18	6.13	-	176.31
Provision for leave encashment	224.94	45.86	-	270.80
Provision for long service awards	134.29	88.16	-	222.45
Allowance for expected credit loss	44.98	(8.13)	-	36.85
Tax credit	407.13	(271.70)	-	135.43
Right of use asset and lease liability	31.71	10.94	-	42.65
Others	271.52	127.48	-	399.00
	1,284.75	(1.26)	-	1,283.49
	1,122.72	(9.43)	16.00	1,129.29

Movement in deferred tax assets (net) during the year ended March 31, 2022

	As at April 1, 2021	Charge/ (Credit) in statement of Profit or loss	Credit/ (Charge) in other comprehensive income	As at March 31, 2022
Deferred tax liabilities				
Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets	-	89.31	-	89.31
Capital gains (net)	61.06	(9.94)	-	51.12
Cash flow hedges	46.90	-	(32.84)	14.06
Others	19.57	(12.03)	-	7.54
	127.53	67.34	(32.84)	162.03
Deferred tax assets				
Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets	63.43	106.75	-	170.18
Provision for leave encashment	184.65	40.29	-	224.94
Provision for long service awards	117.05	17.24	-	134.29
Allowance for expected credit loss	93.49	(48.51)	-	44.98
Tax credit	435.71	(28.58)	-	407.13
Right of use asset and lease liability	31.74	(0.03)	-	31.71
Others	239.07	32.45	-	271.52
	1,165.14	119.61	-	1,284.75
	1,037.61	52.27	32.84	1,122.72

Persistent Systems Limited**Notes forming part of consolidated financial statements****11. Current financial assets : Investments**

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
Designated as fair value through profit and loss		
- Unquoted investments		
Investments in mutual funds		
Fair value of current mutual funds (refer Note 11a)	1,879.66	4,346.91
	1,879.66	4,346.91
Total carrying amount of investments	1,879.66	4,346.91
Aggregate amount of unquoted investments	1,879.66	4,346.91

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

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
Aditya Birla Sun Life Mutual Fund	246.52	883.65
ICICI Prudential Mutual Fund	245.54	399.94
HDFC Mutual Fund	200.17	-
Kotak Mutual Fund	200.12	521.63
UTI Mutual Fund	195.74	337.68
Axis Mutual Fund	195.72	672.70
SBI Mutual Fund	115.64	120.01
Bandhan Mutual Fund (formerly known as IDFC Mutual Fund)	100.10	457.54
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	100.02	472.88
Invesco Mutual Fund	50.03	-
Mirae Asset Mutual Fund	50.03	-
Tata Mutual Fund	50.02	-
HSBC Mutual Fund	50.00	-
DSP Mutual Fund	50.00	443.20
Sundaram Mutual Fund	30.01	37.68
	1,879.66	4,346.91

12. Trade receivables

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
- Current		
Unsecured, considered good	15,704.64	9,484.29
Unsecured, credit impaired	188.96	165.78
	15,893.60	9,650.07
Less : Allowance for expected credit loss	(188.96)	(165.78)
	15,704.64	9,484.29
- Non Current		
Unsecured, considered good	125.54	-
Unsecured, credit impaired	-	-
	125.54	-
Less : Allowance for expected credit loss	-	-
	125.54	-
	15,830.18	9,484.29

Persistent Systems Limited

Notes forming part of consolidated financial statements

Trade receivables Ageing Schedule

	Outstanding for following periods from due date of payment					Total
	Current but not due	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	
Undisputed Trade receivables – considered good	11,237.10	4,448.39	19.15	-	-	15,704.64
Undisputed Trade receivable – credit impaired	-	53.06	82.79	14.02	4.29	188.96
As at March 31, 2023	11,237.10	4,501.45	101.94	14.02	4.29	15,893.60
Expected loss rate (Refer note 32)	-	1.18%	81.21%	100.00%	100.00%	100.00%

	Outstanding for following periods from due date of payment					Total
	Current but not due	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	
Undisputed Trade receivables – considered good	7,316.44	2,066.68	64.91	6.22	14.56	9,484.29
Undisputed Trade receivable – credit impaired	-	24.94	71.10	13.21	40.29	165.78
As at March 31, 2022	7,316.44	2,091.62	136.01	19.43	54.85	9,650.07
Expected loss rate (Refer note 32)	-	1.19%	52.28%	67.99%	73.45%	51.20%

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Persistent Systems Limited**Notes forming part of consolidated financial statements****13. Cash and cash equivalents**

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
Cash and cash equivalents as presented in cash flow statement		
Cash in hand	0.25	0.24
Balances with banks		
On current accounts #	3,583.44	2,337.96
On saving accounts	33.21	1.64
On Exchange Earner's Foreign Currency accounts	638.90	259.20
On other accounts	414.32	378.95
	4,670.12	2,977.99

Of the cash and cash equivalent balance as at March 31, 2023, the Group can utilise ₹ 125.39 Million (Previous year: ₹ 35.75 Million) only towards certain predefined activities specified in the agreement.

14. Bank balances other than cash and cash equivalents

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
Deposits with banks*	4,271.04	5,986.55
Add: Interest accrued but not due on deposits with banks	131.17	180.46
Deposits with banks (carried at amortised cost)	4,402.21	6,167.01
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (refer note 8)	(41.60)	(3.19)
Less: Interest accrued but not due on non-current deposits with banks (refer note 8)	(0.98)	(0.17)
	4,359.63	6,163.65
Balances with banks on unpaid dividend accounts**	3.05	2.94
	4,362.68	6,166.59

* Out of the balance, fixed deposits of ₹ 1,216.85 million (Previous year : ₹ 644.36 million) have been earmarked against credit facilities and bank guarantees availed by the Group.

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

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Persistent Systems Limited**Notes forming part of consolidated financial statements****15. Current financial assets : Loans**

	As at March 31, 2023	As at March 31, 2022
	In ₹ Million	In ₹ Million
Loan to others (Unsecured, credit impaired)		
LHS Solution Inc.	24.60	22.78
Interest accrued but not due at amortised cost	1.97	1.72
Less: Impairment	(26.57)	(24.50)
	-	-

16. Other current financial assets

	As at March 31, 2023	As at March 31, 2022
	In ₹ Million	In ₹ Million
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	-	84.59
Carried at amortised cost		
Other receivables	184.38	16.10
Unbilled revenue	4,671.23	3,130.31
	4,855.61	3,231.00

17. Other current assets

	As at March 31, 2023	As at March 31, 2022
	In ₹ Million	In ₹ Million
Unsecured, considered good		
Advances to suppliers		
Advances recoverable in cash or kind or for value to be received	900.09	846.73
Prepayments	1,237.78	498.68
Excess fund balance with Life Insurance Corporation (refer note 31)	53.32	42.19
Other advances		
VAT receivable (net)	22.10	16.69
Service tax and GST receivable (net) (refer note 42)	1,041.30	598.65
	1,063.40	615.34
	3,254.59	2,002.94

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18 Share capital

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
Authorized shares (No. in million)		
200 (Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00
Issued, subscribed and fully paid-up shares (No. in million)		
76.43 (Previous year: 76.43) equity shares of ₹ 10 each	764.25	764.25
Issued, subscribed and fully paid-up share capital	764.25	764.25

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

The Board of Directors of the Company at its meeting held on Wednesday, March 22, 2023, approved the issuance of 500,000 (Five Hundred Thousand only) Equity Shares of ₹10 each to the PSPL ESOP Management Trust ('ESOP Trust') at the allotment price of ₹ 2,789 per Equity Share, aggregating to the total consideration of ₹ 1,394.50 Million and the Board has authorized the Stakeholders Relationship and ESG Committee to allot the said Equity Shares to the ESOP Trust. The ESOP Trust made the payment of the consideration on April 5, 2023, and accordingly, 500,000 (Five Hundred Thousand only) Equity Shares of ₹ 10 each were allotted to the ESOP Trust on April 6, 2023. Consequent to this, the paid-up share capital of the Company is increased from 76.43 Million Equity Shares to 76.93 Million Equity Shares. Listing of the 500,000 shares on the Stock Exchanges is completed.

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, 2023		As at March 31, 2022	
	No of shares	Amount ₹	No of shares	Amount ₹
Number of shares at the beginning of the year	76.43	764.25	76.43	764.25
Less: Changes during the period	-	-	-	-
Number of shares at the end of the year	76.43	764.25	76.43	764.25

b) Terms / rights attached to equity shares

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

The Board of Directors of Parent Company declared interim dividend of ₹ 28 per share on January 18, 2023 on the face value of ₹ 10 each; for the Financial Year 2022-23.

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

Dividend distribution made and proposed:

	For the year ended	
	March 31, 2023	March 31, 2022
	In ₹ Million	In ₹ Million
Dividends on equity shares declared and paid:		
Final dividend for the year ended on 31 March 2022: ₹ 11 per share (31 March 2021: ₹ 6 per share)	840.68	458.55
Interim dividend for the year ended on 31 March 2023: ₹ 28 per share (31 March 2022: ₹ 20 per share)	2,139.90	1,528.50
	2,980.58	1,987.05
Proposed dividends on Equity shares:		
Proposed dividend for the year ended on 31 March 2023: ₹ 22 per share (31 March 2022: ₹ 11 per share)	1,681.35	840.68
	1,681.35	840.68

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 2023.

Persistent Systems Limited

Notes forming part of consolidated financial statements

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

	For the period of five years ended March 31, 2023 No in Million	For the period of five years ended March 31, 2022 No in Million
Equity shares bought back	3,575	3,575

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

Name of the shareholder*	As at March 31, 2023		As at March 31, 2022	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande and Mrs. Sonali Anand Deshpande	22.97	30.06	22.97	30.06

* 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, 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	22,860,840	11,000	22,871,840	29.93%	0.01%
Mrs. Chitra Hemadri Buzruk	469,400	-	469,400	0.61%	-
Dr. Mukund Suresh Deshpande	400,025	-	400,025	0.52%	-
Mrs. Sonali Anand Deshpande	112,000	-	112,000	0.15%	-
Mrs. Sulabha Suresh Deshpande	6,000	(5,500)	500	0.00%	(0.01)%
Mr. Arul Anand Deshpande	10,000	-	10,000	0.01%	-
Ms. Gayatri Hemadri Buzruk	10,000	-	10,000	0.01%	-
Mr. Hemadri N Buzruk	7,820	-	7,820	0.01%	-
Mr. Suresh Purushottam Deshpande	5,000	(4,500)	500	0.00%	(0.01)%
Mr. Padmakar Govind Khare	880	(880)	-	0.00%	(0.00)%
Mr. Chinmay Hemadri Buzruk	10,000	-	10,000	0.01%	-

As at March 31, 2022

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	22,849,840	11,000	22,860,840	29.91%	0.01%
Mrs. Chitra Hemadri Buzruk	469,400	-	469,400	0.61%	-
Dr. Mukund Suresh Deshpande	400,025	-	400,025	0.52%	-
Mrs. Sonali Anand Deshpande	112,000	-	112,000	0.15%	-
Mrs. Sulabha Suresh Deshpande	46,000	(40,000)	6,000	0.01%	(0.05)%
Mr. Arul Anand Deshpande	10,000	-	10,000	0.01%	-
Ms. Gayatri Hemadri Buzruk	10,000	-	10,000	0.01%	-
Mr. Hemadri N Buzruk	7,820	-	7,820	0.01%	-
Mr. Suresh Purushottam Deshpande	5,000	-	5,000	0.01%	-
Mr. Padmakar Govind Khare	880	-	880	0.00%	-
Mr. Chinmay Hemadri Buzruk	10,000	-	10,000	0.01%	-

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Persistent Systems Limited

Notes forming part of consolidated financial statements

19. Non-current financial liabilities : Borrowings

	As at March 31, 2023	As at March 31, 2022
	In ₹ Million	In ₹ Million
Borrowings carried at amortised cost		
Term loans		
Indian rupee loan from others	3.69	5.55
Interest accrued but not due on term loans	0.06	0.08
Foreign currency loan from others	4,281.35	4,319.72
	4,285.10	4,325.35
Less: Current maturity of long-term borrowings	(2,227.45)	(1,524.48)
Less: Current maturity of interest accrued but not due on term loan	(0.06)	(0.08)
	(2,227.51)	(1,524.56)
	2,057.59	2,800.79

Indian rupee loan from Government department ₹ 3.69 million (Previous year ₹ 5.55 million) at 3% p.a. in ten equal annual installments over a period of ten years commencing from October 2015.

Foreign currency loan from Government of Switzerland to a subsidiary company ₹ 33.61 million (Previous year ₹ 37.54 million). The interest free loan is given under a Covid-19 scheme for medium and small scale Industries by the with a repayment period of five years from March 2020.

Foreign currency loan ₹ 4,247.73 million (Previous year: ₹ 4,282.18 million). The Parent Company has provided the Letters of Comfort to the Lender.

Key terms of loan are as below:

Repayment terms	Rs. Million	Interest rate
Loan 1: Repayable over a period of 3 years in equal instalments commencing from November 2021	1,084.19	SOFRA + 155 bps
Loan 2: Repayable over a period of 3 years in equal instalments commencing from April 2022	1,917.30	SOFRA + 155 bps
Loan 2: Repayable over a period of 3 years in equal instalments commencing from May 2022	1,246.24	SOFRA + 155 bps
	4,247.73	

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

	As at March 31, 2023	As at March 31, 2022
	In ₹ Million	In ₹ Million
Lease liabilities	2,268.59	1,456.87
Less: Current portion of lease liabilities	(676.39)	(342.58)
	1,592.20	1,114.29

Movement of lease liabilities

	For the year ended	
	March 31, 2023	March 31, 2022
	In ₹ Million	In ₹ Million
Opening balance	1,456.87	938.17
Additions	1,230.91	831.31
Deletions	(260.50)	(42.81)
Add: Interest recognised during the year	137.86	84.06
Less: Payments made	(545.22)	(350.83)
Translation differences	248.67	(3.03)
Closing balance	2,268.59	1,456.87

21. Non current liabilities : Provisions

	As at March 31, 2023	As at March 31, 2022
	In ₹ Million	In ₹ Million
Provision for employee benefits		
- Gratuity	3.52	-
- Long service awards	369.51	245.54
	373.03	245.54

Persistent Systems Limited

Notes forming part of consolidated financial statements

22. Trade payables

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
Trade payables		
- Total outstanding dues of small enterprises and micro enterprises	34.04	10.30
- Total outstanding dues of creditors other than small enterprises and micro enterprises	5,655.04	4,288.41
	5,689.08	4,298.71

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

23. Other current financial liabilities

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
Capital creditors	583.07	204.49
Accrued employee liabilities	840.04	144.61
Accrued interest on borrowings	21.85	-
Unpaid dividend*	3.05	2.94
Other liabilities	12.11	8.41
Payable to selling shareholders (refer note 44)	5,305.83	3,901.75
Less: Non-current portion of Payable to Selling Shareholders	(2,888.92)	(2,088.60)
	2,416.91	1,813.15

Derivative instruments at fair value through OCI**Cash flow hedges**

Foreign exchange forward contracts	67.67	-
	3,944.70	2,173.60

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

24. Other liabilities

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
- Current		
Unearned revenue	1,043.75	978.32
Advance from customers	42.99	43.21
Other payables		
- Statutory liabilities	780.93	541.83
- Others*	232.34	58.40
	2,100.01	1,621.76
- Non Current		
Unearned revenue	22.96	-
Others	24.90	-
	2,147.87	1,621.76

*Includes balance of ₹ 125.39 million (Previous year: ₹ 35.64 million) to be utilised against certain predefined activities specified in the agreement. There are no unfulfilled conditions or contingencies attached to these grants.

Persistent Systems Limited

Notes forming part of consolidated financial statements

25. Current liabilities : Provisions

	As at March 31, 2023 In ₹ Million	As at March 31, 2022 In ₹ Million
Provision for employee benefits		
- Gratuity (refer note 31)	0.09	9.96
- Leave encashment	1,167.97	975.49
- Long service awards	34.18	24.54
- Other employee benefits	3,447.00	2,939.67
	4,649.24	3,949.66

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Persistent Systems Limited**Notes forming part of consolidated financial statements****Trade payables ageing schedule**

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

	In ₹ Million			
	Outstanding for following periods from due date of payment			Total
	Less than 1 year	1-2 years	2-3 years	
Total outstanding dues of micro enterprises and small enterprises	10.30	-	-	10.30
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,937.50	303.79	14.51	32.61
As at March 31, 2022	3,947.80	303.79	14.51	32.61
				4,298.71

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Persistent Systems Limited

Notes forming part of consolidated financial statements

26. Revenue from operations (net)

	For the year ended	
	March 31, 2023	March 31, 2022
	In ₹ Million	In ₹ Million
Software services	79,993.40	55,721.12
Software licenses	3,512.52	1,386.34
Total	83,505.92	57,107.46

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

	For the year ended	For the year ended
	March 31, 2023	March 31, 2022
	In ₹ Million	In ₹ Million
Revenue by industry segments		
BFSI	27,231.45	18,063.65
Healthcare & Life Sciences	16,161.07	11,842.75
Technology Companies and Emerging Verticals	40,113.40	27,201.06
Total	83,505.92	57,107.46
Geographical disclosure		
India	9,432.50	6,028.37
North America	65,107.83	44,812.10
Rest of the World	8,965.59	6,266.99
Total	83,505.92	57,107.46
Customers' Industry wise disclosure		
IP Led	6,217.73	6,754.69
Offshore	48,411.12	32,062.36
Onsite	28,877.07	18,290.41
Total	83,505.92	57,107.46

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

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

During the year, ₹ 3,130.21 million (Previous Year: ₹ 2,172.77 million) of opening unbilled revenue (contract assets) has been reclassified to trade receivables upon billing to customers on completion of milestones.

During the year, the Company recognised revenue of ₹ 906.74 million (Previous Year: ₹ 937.81 million) arising from opening unearned revenue (contract liabilities).

In respect of the contracts wherein the transaction price is in the form of revenue share, the estimated revenue for the customer is considered based on the historical trends and management's judgement with respect to customer business. The estimated revenue from these contracts included in the total revenue for the year is ₹ 464.52 million (Previous Year: ₹ 622.86 million).

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Persistent Systems Limited

Notes forming part of consolidated financial statements

27. Other income

	For the year ended	
	March 31, 2023	March 31, 2022
	In ₹ Million	In ₹ Million
Interest income		
- On deposits carried at amortised cost	296.25	315.69
- On Others	216.38	284.53
Other non operating income		
Foreign exchange gain (net)	(133.24)	269.41
Profit on sale of property, plant and equipment (net)	1.69	12.45
Net profit on sale/ fair valuation of financial assets designated as FVTPL	196.52	354.30
Excess provision in respect of earlier years written back	32.44	66.00
Miscellaneous income	96.13	137.17
	706.17	1,439.55

28. Personnel expenses

	For the year ended	
	March 31, 2023	March 31, 2022
	In ₹ Million	In ₹ Million
28.1 Employee benefits expense		
Salaries, wages and bonus	44,367.70	31,061.63
Contribution to provident and other funds (refer note 31)	3,022.40	2,059.54
Staff welfare expenses	948.41	521.70
Share based payments to employees (refer note 35)	1,357.14	950.23
	49,695.65	34,593.10
28.2 Cost of professionals	10,426.01	7,974.18
	60,121.66	42,567.28

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Persistent Systems Limited**Notes forming part of consolidated financial statements****29. Other expenses**

	For the year ended	
	March 31, 2023	March 31, 2022
	In ₹ Million	In ₹ Million
Travelling and conveyance	1,260.25	412.04
Electricity expenses (net)	120.28	76.07
Internet link expenses	82.59	68.59
Communication expenses	96.25	87.05
Recruitment expenses	414.85	428.06
Training and seminars	123.30	119.58
Royalty expenses	65.19	92.54
Purchase of software licenses	3,411.70	1,606.97
Bad debts	82.33	65.27
Allowance / (Reversal) for expected credit loss (net)	3.03	(105.06)
Rent (refer note 36)	147.45	101.88
Insurance	52.89	50.34
Rates and taxes	145.39	99.30
Legal and professional fees	926.27	828.48
Repairs and maintenance		
- Plant and Machinery	140.13	141.71
- Buildings	33.63	20.46
- Others	28.10	26.96
Selling and marketing expenses	57.38	4.89
Advertisement, conference and sponsorship fees	159.78	85.67
Computer consumables	18.37	10.55
Auditors' remuneration (refer note 39)	11.84	11.39
Corporate social responsibility expenditure (refer note 43)	120.12	115.78
Books, memberships, subscriptions	83.12	32.90
Directors' sitting fees	8.00	7.43
Directors' commission	27.95	20.83
Loss / Impairment of non current investments	-	148.40
Miscellaneous expenses	572.82	400.39
	8,193.01	4,958.47

Persistent Systems Limited**Notes forming part of consolidated financial statements****30. Earnings per share**

		For the year ended	
		March 31, 2023	March 31, 2022
<u>Numerator for Basic and Diluted EPS</u>			
Net Profit after tax (In ₹ Million)	(A)	9,210.93	6,903.86
<u>Denominator for Basic EPS</u>			
Weighted average number of equity shares	(B)	74,443,693	76,425,000
<u>Denominator for Diluted EPS</u>			
Number of equity shares	(C)	76,425,000	76,425,000
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	123.73	90.34
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	120.52	90.34
For the year ended			
		March 31, 2023	March 31, 2022
Number of shares considered as basic weighted average shares outstanding		76,425,000	76,425,000
Less: Weighted average number of treasury shares*		1,981,307	-
Number of shares considered as weighted average shares and potential shares outstanding		74,443,693	76,425,000

* Consequent to amendment in the trust deed w.e.f. April 1, 2022, the Group has assessed PSPL ESOP Management Trust to be a controlled entity and accordingly the same has been consolidated w.e.f. April 1, 2022 on a prospective basis. Accordingly, treasury shares are deducted while calculating number of shares outstanding.

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Persistent Systems Limited

Notes forming part of consolidated financial statements

31. Defined benefits (Gratuity) :

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

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

Statement of profit and loss

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

In ₹ Million

	For the year ended	
	March 31, 2023	March 31, 2022
Current service cost	194.87	156.08
Interest cost on benefit obligation	82.38	63.81
Expected return on plan assets	(86.68)	(74.30)
Other	-	-
Net benefit expense	190.57	145.59
Net actuarial loss recognized in the year	35.01	231.16
Due to Demographic assumptions	-	166.40
Due to Financial assumptions	(64.18)	(60.45)
Due to Experience assumptions	99.19	125.21
Net actuarial loss recognized in the year	35.01	231.16

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, 2023	March 31, 2022
Opening fair value of plan assets	1,226.01	1,050.79
Expected return	86.68	74.30
Adjustment to expected return	19.01	(14.29)
Contribution by employer	3.62	324.02
Benefits paid	(3.62)	(208.81)
Closing fair value of plan assets	1,331.70	1,226.01

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, 2023	March 31, 2022
Opening defined benefit obligation	1,193.78	975.49
Interest cost	82.38	63.81
Current service cost	194.87	156.08
Benefits paid	(223.55)	(215.11)
Actuarial losses on obligation	35.01	231.16
Exchange difference	(0.50)	(17.65)
Closing defined benefit obligation	1,281.99	1,193.78

Benefit asset / (liability)

In ₹ Million

	As at	
	March 31, 2023	March 31, 2022
Fair value of plan assets	1,331.70	1,226.01
Less: Defined benefit obligations	(1,278.38)	(1,183.82)
Plan asset / (liability) for Persistent Systems Limited	53.32	42.19
Gratuity liability for Persistent Systems Lanka (Private) Limited	(3.61)	(9.96)

Persistent Systems Limited

Notes forming part of consolidated financial statements

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

Persistent Systems Limited

	As at	
	March 31, 2023	March 31, 2022
Discount rate	7.49%	7.07%
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%

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

	As at	
	March 31, 2023	March 31, 2022
Investments with insurer including accrued interest	100%	100%

Persistent Systems Lanka (Private) Limited

	As at	
	March 31, 2023	March 31, 2022
Discount rate	25.48%	16.37%
Increment rate	7.00%	7.00%

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

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

As at March 31, 2023, every percentage point increase / decrease in discount rate will change the defined benefit obligation (gratuity) obligation to approximately ₹ 1,146.05 million / ₹ 1,442.92 million (previous year: ₹ 1,089.07 million / ₹ 1,324.31 million) respectively.

As at March 31, 2022, every percentage point increase / decrease in compensation levels will change the the defined benefit obligation (gratuity) obligation to approximately ₹ 1,375.82 million / ₹ 1,201.78 million (previous year: ₹ 1,255.79 million / ₹ 1,143.41 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, 2023	March 31, 2022
Plan assets	1,331.70	1,226.01
Defined benefit obligation	(1,278.38)	(1,183.82)
Plan asset for Persistent Systems Limited	53.32	42.19
Gratuity liability for Persistent Systems Lanka (Private) Limited	(3.61)	(9.96)

In ₹ Million

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

Maturity Profiles of defined benefit obligations are as follows:

	(In ₹ Million)	
	As at	
	March 31, 2023	March 31, 2022
Within 1 year	58.98	76.42
1-2 years	65.40	78.28
2-3 years	63.68	82.94
3-4 years	68.05	84.86
4-5 years	104.63	86.09
5-10 years	405.87	484.24
Above 10 years	2,893.73	-

Expected contributions to the gratuity plan for the next annual reporting period are ₹ 58.90 million.

Superannuation Fund

The Group contributed ₹ 75.66 million and ₹ 57.63 million to superannuation fund during the years ended March 31, 2023 and March 31, 2022 respectively and the same is recognised in the Statement of profit and loss under the head employee benefit expenses.

Defined contribution plan - Provident Fund

The Parent Company has certain defined contribution plans. Contributions are made to provident fund for its employees @ 12% of Basic salary as per regulation. The contributions are made to registered provident fund administered by the Government of India. The obligation of the Parent Company is limited to the amount contributed, and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan (provident fund) is ₹ 1,159.43 million (Previous year ₹ 827.57 million).

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Persistent Systems Limited

Notes forming part of consolidated financial statements

32 (a) Financial assets and liabilities

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

Financial assets/ Financial liabilities	March 31, 2023		March 31, 2022		Fair value hierarchy*
	FVTPL	FVTOCI	FVTPL	FVTOCI	
Financial Assets:					
Investments in equity instruments, preferred stock and convertible notes	175.13	-	162.01	-	Level 3
Investments in bonds	-	3,085.59	-	2,879.29	
Investments in mutual funds	3,134.94	-	5,183.33	-	Level 2
Loans	-	-	-	3,538.10	
Deposit with banks and financial institutions (net)	-	4,922.43	-	6,267.42	
Cash and cash equivalents (including unpaid dividend)	-	4,673.17	-	2,980.93	
Trade receivables (net)	-	15,704.64	-	9,484.29	
Foreign exchange forward contracts	-	-	-	84.59	Level 2
Unbilled revenue	-	4,671.23	-	3,130.31	
Other non current financial assets	-	383.36	-	236.97	
Other current financial assets	-	-	-	-	
Total Financial Assets	3,310.07	33,440.42	5,345.34	84.59	
Financial Liabilities:					
Borrowings (including accrued interest)	-	4,285.10	-	4,325.35	
Trade payables	-	5,689.08	-	4,298.71	
Lease liabilities	-	2,268.59	-	1,456.87	
Other financial liabilities (excluding borrowings)	-	6,765.95	-	4,262.20	
Foreign exchange forward contracts	-	67.67	-	-	
Total Financial Liabilities	-	67.67	-	14,343.13	

*Fair value hierarchy:

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

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

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

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

Investments in bonds:

Particulars	March 31, 2023			March 31, 2022		
	Face Value	No. of Units	Cost	No. of Units	Cost	
Bonds carried at amortised cost	1,000	1,435,898	1,681.81	1,335,898	1,595.57	
	5,000	53,000	361.87	53,000	361.87	
	1,000,000	906	961.47	796	844.37	
Total Cost			3,005.15		2,801.81	
Designated as fair value through profit and loss			80.43		77.48	
Total investments carried at amortised cost			3,085.58		2,879.29	

Persistent Systems Limited

Notes forming part of consolidated financial statements

32 (b) Financial risk management**Financial risk factors and risk management objectives**

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

Market risk

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

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

					In ₹ Million	
	USD	EUR	GBP	Other currencies	Total	
Trade receivables	3,124.04	424.48	200.17	95.16	3,843.85	
Cash and cash equivalents and bank balances	744.67	40.38	171.71	107.93	1,064.69	
Trade and other payables	11.36	110.79	62.96	31.39	216.50	

The following table analyses unhedged foreign currency risk from financial instruments as at March 31, 2022:

					In ₹ Million	
	USD	EUR	GBP	Other currencies	Total	
Trade receivables	779.27	376.80	471.77	219.65	1,847.49	
Cash and cash equivalents and bank balances	323.54	17.83	35.82	35.93	413.12	
Trade and other payables	19.19	11.19	15.25	10.47	56.10	

Foreign currency sensitivity analysis

For the year ended March 31, 2023 and March 31, 2022, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, would affect the Group's profit before tax margin (PBT) by approximately 0.06 % and 0.04% 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 Group holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Group has designated foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions.

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

	As at March 31, 2023			As at March 31, 2022		
	Foreign currency (million)	Average rate	₹ (million)	Foreign currency (million)	Average rate	₹ (million)
Derivatives designated as cash flow hedges						
Forward contracts						
USD	230.00	82.83	19,051.51	175.00	77.74	13,605.02

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, 2023			As at March 31, 2022		
	Foreign currency (million)	Average rate	₹ (million)	Foreign currency (million)	Average rate	₹ (million)
Not later than 3 months	55.00	80.82	4,445.22	41.00	77.00	3,156.91
Later than 3 months and not later than 6 months	63.00	82.60	5,203.67	45.00	77.17	3,472.71
Later than 6 months and not later than 9 months	56.00	83.95	4,701.05	45.00	78.23	3,520.48
Later than 9 months and not later than 12 months	56.00	83.96	4,701.56	44.00	78.52	3,454.92
Total	230.00		19,051.51	175.00		13,605.02

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Persistent Systems Limited**Notes forming part of consolidated financial statements****Credit risk**

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 16,037.77 million and ₹ 9,650.07 million as at March 31, 2023 and March 31, 2022, respectively.

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed by the Group by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables. The policy takes into account available external and internal credit risk factors and the Group's historical experience for customers.

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

	In ₹ Million	
	As at	
	March 31, 2023	March 31, 2022
Receivables overdue for more than 90 days (₹)	381.31	427.00
Total receivables (gross) (₹ million)	16,037.77	9,650.07
Overdue for more than 90 days as a % of total receivables	2.4%	4.4%

* Out of this amount, ₹ 188.96 million (March 31, 2022: ₹ 165.78 million) have been provided for.

Ageing of trade receivables

	In ₹ Million	
	As at	
	March 31, 2023	March 31, 2022
Within the credit period	11,380.61	7,316.44
1 to 30 days past due	2,625.12	1,499.72
31 to 60 days past due	1,100.93	194.35
61 to 90 days past due	549.79	212.56
91 to 120 days past due	161.24	68.03
121 and above past due	220.08	358.97
Less: Expected credit loss	(188.96)	(165.78)
Net trade receivables	15,848.81	9,484.29

Movement in expected credit loss allowance

	In ₹ Million	
	As at	
	March 31, 2023	March 31, 2022
Opening balance	165.78	271.64
Movement in expected credit loss allowance	3.03	(105.06)
Translation differences	20.15	(0.80)
Closing balance	188.96	165.78

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

Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The investment of surplus funds is governed by the Group's investment policy approved by the Board of Directors. The Group believes that the working capital is sufficient to meet its current fund requirements including repayment of borrowings. Accordingly, no liquidity risk is perceived.

As at March 31, 2023, the Group had a working capital of ₹ 15,613.24 million including cash and cash equivalents and current fixed deposits of ₹ 8,899.56 million and current investments of ₹ 1,679.66 million.

As at March 31, 2022, the Group had a working capital of ₹ 14,129.70 million including cash and cash equivalents and current fixed deposits of ₹ 8,961.35 million and current investments of ₹ 4,346.91 million.

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

	In ₹ Million			
	As at			
	March 31, 2023		March 31, 2022	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Borrowings (including accrued interest)	2,227.51	2,057.59	1,524.56	2,800.79
Trade payables and deferred payment liabilities	5,689.08	-	4,298.71	-
Lease Liabilities	676.39	1,592.20	342.58	1,114.29
Other financial liabilities (excluding borrowings)	1,717.19	2,888.92	649.04	2,088.60

Capital management risk

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

Gearing Ratio

Particulars	In ₹ Million	
	As at	
	March 31, 2023	March 31, 2022
Borrowings	4,306.95	4,325.35
Other financial liabilities	6,811.77	4,262.20
Total Debt:	11,118.72	8,587.55
Less: Cash and cash equivalents and bank balances other than cash and cash equivalents	9,032.80	9,144.58
Net Debt #	2,085.92	(557.03)
Total equity	39,650.78	33,682.20
Total Capital	39,650.78	33,682.20
Gearing Ratio (in %)	5.26%	-1.65%

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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Persistent Systems Limited

Notes forming part of consolidated financial statements

32 (c) Derivative instruments and un-hedged foreign currency exposures**(i) Forward contracts outstanding at the end of the year:**

	(In ₹ Million)	
	As at March 31, 2023	As at March 31, 2022
Forward contracts to sell USD: Hedging of expected receivables of USD 230 million (Previous year USD 175 million)	19,051.51	13,605.02

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

	March 31, 2023			March 31, 2022		
	In ₹ million	Foreign currency (In million)	Conversion rate (₹)	In ₹ million	Foreign currency (In million)	Conversion rate (₹)
Bank balances	33.21	JPY 53.83	0.62	1.64	JPY 2.63	0.62
	744.67	USD 9.06	82.17	323.54	USD 4.27	75.77
	171.71	GBP 1.69	101.64	35.82	GBP 0.36	99.50
	48.95	CAD 0.81	60.63	1.04	CAD 0.02	52.00
	40.38	EUR 0.45	89.36	17.83	EUR 0.21	84.90
	25.77	AUD 0.46	54.92	20.89	AUD 0.37	56.46
	-	-	4.60	12.36	ZAR 2.37	5.22
Trade and other payables	11.36	USD 0.14	82.17	19.19	USD 0.25	75.79
	62.96	GBP 0.62	101.64	15.25	GBP 0.15	99.43
	110.79	EUR 1.24	89.36	11.19	EUR 0.13	84.13
	1.18	SGD 0.02	61.78	0.31	SGD 0.01	55.98
	-	-	-	0.29	ZAR 0.06	5.22
	19.01	CAD 0.31	60.63	6.82	CAD 0.11	60.52
	11.20	AUD 0.20	54.92	1.23	AUD 0.02	56.72
	-	-	-	1.82	JPY 2.92	0.62
Trade receivables	424.48	EUR 4.75	89.36	376.80	EUR 4.48	84.13
	3,124.04	USD 38.02	82.17	779.27	USD 10.28	75.79
	200.17	GBP 1.97	101.64	471.77	GBP 4.74	99.43
	54.29	CAD 0.90	60.63	23.73	CAD 0.39	60.52
	26.73	AUD 0.49	54.92	110.41	AUD 1.95	56.72
	-	-	-	45.72	CHF 0.56	81.93
	7.20	ZAR 1.56	4.60	26.88	ZAR 5.15	5.22
	6.94	SGD 0.11	61.78	5.95	SGD 0.11	55.98
	-	-	-	1.08	BRL 0.07	15.89
	-	-	-	5.88	MYR 0.33	18.03

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Persistent Systems Limited

Notes forming part of consolidated financial statements

33. Income taxes

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

	For the year ended	
	March 31, 2023	March 31, 2022
	In ₹ Million	In ₹ Million
Profit before tax	12,408.52	9,242.79
Enacted tax rate in India	25.17%	25.17%
Computed tax expense at enacted tax rate	3,122.98	2,326.23
Effect of exempt income	(55.68)	(123.07)
Effect of non-deductible expenses	(6.59)	37.27
Effect of concessions (R&D allowance)	(1.35)	5.76
Effect of concessions (Tax holidays)	(12.33)	(17.80)
Effect of unused tax losses not recognised as deferred tax assets	-	2.46
Effect of previously unrecognised deferred tax assets now recognised	(29.01)	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	99.09	51.36
Effect of different tax rates for different heads of income	(0.07)	(5.69)
Short Tax Provision of earlier years (net)	(3.54)	42.58
Reversal of Deferred tax asset created in earlier years	81.53	15.93
Others	2.56	3.90
Income tax expense	3,197.59	2,338.93

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Persistent Systems Limited

Notes forming part of consolidated financial statements

34. Segment information

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

The operating segments of the Group are:

- Banking, Financial Services and Insurance (BFSI)
- Healthcare & Life Sciences
- Technology Companies and Emerging Verticals

Particulars			BFSI	Healthcare & Life Sciences	Technology Companies and Emerging Verticals	Total
Revenue	Year ended	March 31, 2023	27,231.45	16,161.07	40,113.39	83,505.92
	Year ended	March 31, 2022	18,063.65	11,842.75	27,201.06	57,107.46
Identifiable expense	Year ended	March 31, 2023	17,226.98	8,147.53	27,830.90	53,205.41
	Year ended	March 31, 2022	11,879.32	5,779.01	17,931.96	35,590.29
Segmental result	Year ended	March 31, 2023	10,004.47	8,013.54	12,282.49	30,300.51
	Year ended	March 31, 2022	6,184.33	6,063.74	9,269.10	21,517.17
Unallocable expenses	Year ended	March 31, 2023				18,598.16
	Year ended	March 31, 2022				13,713.93
Operating income	Year ended	March 31, 2023				11,702.35
	Year ended	March 31, 2022				7,803.24
Other income (net of expenses)	Year ended	March 31, 2023				706.17
	Year ended	March 31, 2022				1,439.55
Profit before taxes	Year ended	March 31, 2023				12,408.52
	Year ended	March 31, 2022				9,242.79
Tax expense	Year ended	March 31, 2023				3,197.59
	Year ended	March 31, 2022				2,338.93
Profit after tax	Year ended	March 31, 2023				9,210.93
	Year ended	March 31, 2022				6,903.86

(In ₹ Million)						
Particulars			BFSI	Healthcare & Life Sciences	Technology Companies and Emerging Verticals	Total
Segmental trade receivables (net)	As at	March 31, 2023	4,074.64	2,579.81	9,175.73	15,830.18
	As at	March 31, 2022	1,816.26	1,949.27	5,718.76	9,484.29
Segmental Unbilled revenue	As at	March 31, 2023	1,170.86	802.11	2,698.26	4,671.23
	As at	March 31, 2022	754.63	325.30	2,050.38	3,130.31
Unallocated assets	As at	March 31, 2023	-	-	-	45,690.04
	As at	March 31, 2022	-	-	-	41,576.41
Unallocated liabilities	As at	March 31, 2023	-	-	-	66,191.45
	As at	March 31, 2022	-	-	-	54,191.01

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

Geographical Information

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

(In ₹ Million)						
Particulars			India	North America	Rest of the World	Total
Revenue	Year ended	March 31, 2023	9,432.50	65,107.83	8,965.59	83,505.92
	Year ended	March 31, 2022	6,028.37	44,812.10	6,266.99	57,107.46

The revenue from individual customers in excess of ten percent of total revenue of the Group is ₹ 7,697.87 million for the year ended March 31, 2023 (Previous year : ₹ 9,271.13 Million).

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Persistent Systems Limited

Notes forming part of consolidated financial statements

35. Employees stock option plans (ESOP)

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

a) Details of Employee stock option plans

The Group 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	4,560,500	11-Dec-99	11-Dec-99	*
Scheme II	753,200	23-Apr-04	23-Apr-04	10 Years
Scheme III	2,533,300	23-Apr-04	23-Apr-04	*
Scheme IV	6,958,250	23-Apr-06	23-Apr-06	10 Years
Scheme V	1,890,525	23-Apr-06	23-Apr-06	*
Scheme VI	1,216,250	31-Oct-06	31-Oct-06	10 Years
Scheme VII	1,784,975	30-Apr-07	30-Apr-07	10 Years
Scheme VIII	42,000	24-Jul-07	24-Jul-07	3 Years
Scheme IX	1,374,462	29-Jun-09	29-Jun-09	10 Years
Scheme X	3,062,272	10-Jun-10	29-Oct-10	2-3 Years
Scheme XI **	1,948,800	26-Jul-14	3-Nov-14	4-5 Years
Scheme XII ***	67,300	4-Feb-16	8-Apr-16	2.5 Months
Scheme XIII	6,450,619	27-Jul-17	1-Aug-19	4-5 Years
Scheme XIV	80,000	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 1,400,000.

***The options under Scheme XII, ESOP scheme would vest after 1 year. The maximum options which are granted under this scheme are 50 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%	0.00%
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	25%	40%
24 Months	which varies from employee to	50%	30%
36 Months	employee	75%	30%
48 Months	NA	100%	NA
60 Months	NA	NA	NA

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

(v) Scheme XII:

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

(vi) Scheme XIII:

Service period from the date of grant	% of Options vesting		
	Grant (Category 1)	Grant (Category 2)	Grant (Category 3)
12 Months	25%	40%	33%
24 Months	50%	30%	67%
36 Months	75%	30%	100%
48 Months	100%	NA	NA
60 Months	NA	NA	NA

Persistent Systems Limited

Notes forming part of consolidated financial statements

b) Details of activity of the ESOP schemes

Movement for the year ended March 31, 2022 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-22	13	-	13	-	-	-
	Weighted Average Price	31-Mar-22	4.37	-	4.37	-	-	-
	Number of Options	31-Mar-23	-	-	-	-	-	-
	Weighted Average Price	31-Mar-23	-	-	-	-	-	-
Scheme II	Number of Options	31-Mar-22	-	-	-	-	-	-
	Weighted Average Price	31-Mar-22	-	-	-	-	-	-
	Number of Options	31-Mar-23	-	-	-	-	-	-
	Weighted Average Price	31-Mar-23	-	-	-	-	-	-
Scheme III	Number of Options	31-Mar-22	127,362	-	-	19,103	108,259	108,259
	Weighted Average Price	31-Mar-22	32.07	-	-	33.69	31.78	31.78
	Number of Options	31-Mar-23	108,259	-	43,257	3,001	62,001	62,001
	Weighted Average Price	31-Mar-23	31.78	-	30.42	30.67	32.79	32.79
Scheme IV	Number of Options	31-Mar-22	326,298	-	-	80,000	246,298	246,298
	Weighted Average Price	31-Mar-22	54.83	-	-	55.16	54.72	54.72
	Number of Options	31-Mar-23	246,298	-	71,057	69,641	105,600	105,600
	Weighted Average Price	31-Mar-23	54.72	-	47.20	61.12	55.57	55.57
Scheme V	Number of Options	31-Mar-22	51,691	-	-	1,810	49,881	49,881
	Weighted Average Price	31-Mar-22	27.22	-	-	44.14	26.61	26.61
	Number of Options	31-Mar-23	49,881	-	-	1,604	48,277	48,277
	Weighted Average Price	31-Mar-23	26.61	-	-	26.78	26.60	26.60
Scheme VI	Number of Options	31-Mar-22	-	-	-	-	-	-
	Weighted Average Price	31-Mar-22	-	-	-	-	-	-
	Number of Options	31-Mar-23	-	-	-	-	-	-
	Weighted Average Price	31-Mar-23	-	-	-	-	-	-
Scheme VII	Number of Options	31-Mar-22	3,341	-	-	3,200	141	141
	Weighted Average Price	31-Mar-22	59.65	-	-	61.12	26.29	26.29
	Number of Options	31-Mar-23	141	-	141	-	-	-
	Weighted Average Price	31-Mar-23	26.29	-	26.29	-	-	-
Scheme VIII	Number of Options	31-Mar-22	-	-	-	-	-	-
	Weighted Average Price	31-Mar-22	-	-	-	-	-	-
	Number of Options	31-Mar-23	-	-	-	-	-	-
	Weighted Average Price	31-Mar-23	-	-	-	-	-	-
Scheme IX	Number of Options	31-Mar-22	129,704	-	-	13,993	115,711	115,711
	Weighted Average Price	31-Mar-22	54.74	-	-	54.74	54.74	54.74
	Number of Options	31-Mar-23	115,711	-	57,035	7,160	51,516	51,516
	Weighted Average Price	31-Mar-23	54.74	-	54.74	54.74	54.74	54.74
Scheme X	Number of Options	31-Mar-22	-	-	-	-	-	-
	Weighted Average Price	31-Mar-22	-	-	-	-	-	-
	Number of Options	31-Mar-23	-	-	-	-	-	-
	Weighted Average Price	31-Mar-23	-	-	-	-	-	-
Scheme XI	Number of Options	31-Mar-22	446,000	257,200	23,700	167,750	511,750	28,725
	Weighted Average Price	31-Mar-22	10.00	10.00	10.00	10.00	10.00	10.00
	Number of Options	31-Mar-23	511,750	334,600	143,690	197,703	504,957	28,557
	Weighted Average Price	31-Mar-23	10.00	10.00	10.00	10.00	10.00	10.00
Scheme XII	Number of Options	31-Mar-22	-	-	-	-	-	-
	Weighted Average Price	31-Mar-22	-	-	-	-	-	-
	Number of Options	31-Mar-23	-	-	-	-	-	-
	Weighted Average Price	31-Mar-23	-	-	-	-	-	-
Scheme XIII	Number of Options	31-Mar-22	2,746,225	1,990,838	923,803	433,136	3,380,124	226,045
	Weighted Average Price	31-Mar-22	846.80	3,116.67	1,679.25	727.30	1,971.52	892.30
	Number of Options	31-Mar-23	3,380,124	1,537,281	996,943	540,297	3,380,165	535,248
	Weighted Average Price	31-Mar-23	1,971.52	3,259.46	2,578.30	1,086.91	2,519.70	2,309.27
Scheme XIV	Number of Options	31-Mar-22	40,000	-	40,000	-	-	-
	Weighted Average Price	31-Mar-22	540.82	-	540.82	-	-	-
	Number of Options	31-Mar-23	-	-	-	-	-	-
	Weighted Average Price	31-Mar-23	-	-	-	-	-	-
Total	Number of Options	31-Mar-22	3,870,634	2,248,038	987,516	718,992	4,412,164	775,060
	Number of Options	31-Mar-23	4,412,164	1,871,881	1,312,123	819,406	4,152,516	831,199

The weighted average share price for the period over which stock options were exercised was ₹ 3,955.20 (Previous year ₹ 3,682.54).

Persistent Systems Limited

Notes forming part of consolidated 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, 2023		As at March 31, 2022	
		No. of Options outstanding*	Weighted average remaining contractual life*	No. of Options outstanding	Weighted average remaining contractual life*
Scheme I	2.04 – 9.57	-	Note (i)	-	Note (i)
Scheme II	12.96 – 48.21	-	-	-	-
Scheme III	12.96 – 48.21	62,001	Note (i)	108,259	Note (i)
Scheme IV	22.23 – 61.12	105,600	1.73	246,298	1.73
Scheme V	22.23 – 44.14	48,277	Note (i)	49,881	Note (i)
Scheme VI	22.23 – 30.67	-	-	-	-
Scheme VII	24.17 – 61.12	-	-	141	0.52
Scheme VIII	48.21 – 48.21	-	-	-	-
Scheme IX	54.74 – 54.74	51,516	1.25	115,711	1.24
Scheme X	157.58 – 279.70	-	-	-	-
Scheme XI	10	504,957	4.08	511,750	4.58
Scheme XII	10	-	-	-	-
Scheme XIII	442.47 – 4099.00	3,380,165	3.59	3,380,124	3.86
Scheme XIV	540.82 – 540.82	-	-	-	-

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, 2023 amounted to ₹ 1,357.14 million (Previous year ₹ 950.23 million). The liability for employee stock options outstanding as at March 31, 2023 is ₹ 2,222.02 million (Previous year ₹ 1,144.84 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 2022-23:

Particulars	March 31, 2023		March 31, 2022	
	RSU Scheme XI	ESOP Scheme XIII	RSU Scheme XI	ESOP Scheme XIII
Weighted average share price ₹	3828.35	3678.93	3819.71	3670.90
Weighted Exercise Price ₹	10	3259.98	10	3107.82
Weighted Average Fair Value ₹ **	3749.11	1204.49	3615.75	938.25
Expected Volatility	26.85% to 28.11%	26.85% to 28.11%	24.42%	24.50%
Life of the options granted ** (Vesting and exercise period)	3 - 4 yrs	3 - 4 yrs	3 - 4 yrs	3 - 4 yrs
Dividend Yield	39.00	39.00	20.00	20.00
Average risk-free interest rate	6.98%	7.06%	4.98%	4.48%

** 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

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.

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Persistent Systems Limited**Notes forming part of consolidated financial statements****36 Leases**

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

	As at March 31, 2023	As at March 31, 2022
	In ₹ Million	In ₹ Million
- Less than one year	676.77	394.01
- One to five years	1,862.25	1,142.15
- More than five years	57.14	89.10

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

Rental expense recorded for short-term leases was ₹ 147.45 million for the year ended March 31, 2023 (Previous year ₹ 101.88 million).

The Group has recognized interest on lease liabilities of ₹ 137.86 million under finance costs (Previous year ₹ 84.06 million).

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

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37 Related Party Disclosures**(i) Names of related parties and related party relationship****Related parties with whom transactions have taken place**

Key management personnel	
	Dr. Anand Deshpande, Chairman and Managing Director
	Mr Sandeep Kalra, Executive Director and Chief Executive Officer
	Mr. Sunil Sapre, Executive Director and Chief Financial Officer
	Mr. Amit Atre, Company Secretary
	Mr. Azlin Ghazali, Director, Persistent Systems Malaysia Sdn. Bhd.
	Mr. John Ryan, Director, Persistent Systems Malaysia Sdn. Bhd.
	Ms. Audrey Reutens, Director, Persistent Systems Malaysia Sdn. Bhd., resigned w.e.f., April 25, 2022
	Mr. Arnaud Pierrel, Director General, Persistent Systems France SAS
	Mr. Steven Ward, Director, Youperience Limited, United Kingdom, resigned w.e.f., February 20, 2023
	Mr. Bruno Orsier, Director, Persistent Systems France SAS
	Mr. Thomas Klein, Director, Persistent Systems, Inc., USA
	Ms. Roshini Bakshi, Independent Director
	Mr. Pradeep Bhargava, Independent Director, retired wef July 19, 2022
	Dr. Anant Jhingran, Director, Persistent Systems, Inc., USA, retired w.e.f., November 20, 2022
	Mr. Thomas Kendra, Independent Director, retired wef July 19, 2022
	Mr. Deepak Phatak, Independent Director, resigned as an Independent Director of the Company w.e.f., April 2, 2023
	Mr. Praveen Kadle, Independent Director
	Ms. Avani Davda, Independent Director (Appointed w.e.f., December 21, 2021)
	Mr. Guy Eiferman, Independent Director
	Mr. Arvind Goel, Independent Director (Appointed on June 7, 2022)
	Mr. Ambuj Goel, Independent Director (Appointed on June 7, 2022)
	Mr. Dan'l Lewin, Independent Director (Appointed on June 10, 2022)
	Mr. Silvio Galfetti, Director, Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) (*) (Resigned in FY 2021-22)
	Mr. Steffen Drilich, Director, Youperience GmbH, Germany, (Resigned w.e.f., March 2, 2022)
	Mr. Daniel Seiler, Director, Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) (*), (Resigned w.e.f., March 14, 2023)
	Mr. Beat Kach, Director, Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) (*)
	Mr. Simon Nicholas Lloyd-Jenkins, Director, Youperience Limited
	Mr. Christian Bucholdt, Director, Persistent Systems Germany GmbH, Germany
	Dr. R Venkateswaran, Director, Persistent Systems (Lanka) Private Limited
	Mr. Kolitha Ratwatte, Director, Persistent Systems (Lanka) Private Limited
	Mr. Nadarajan Surendren, Director Persistent Systems Lanka (Private) Limited
	Mr. Narasinha (Avadhoot) Upadhye, Director, Aepona Group Limited
	Mr. Guadalupe Torres, Director, Persistent Systems Mexico, S.A. de C.V.
	Mr. Hitesh Salla, Director, CAPIOT Software Private Limited
	Mr. Ashish Kapoor, Director, CAPIOT Software Private Limited, Capiot Software PTE Ltd
	Mr. Sameer Dixit, Director, CAPIOT Software Private Limited, CAPIOT PTE and Persistent Systems Pty Ltd, Australia
	Mr. Anil Kshirsagar, Director, CAPIOT Software Inc
	Mr. Abilash Mohan, Director, Persistent Systems Pty Ltd, Australia
	Mr. Sachin Dewasthalee, Persistent Systems Pty Ltd, Australia
	Mr. Vaudeva Anumukonda, Director, CAPIOT Software Inc
	Mr. Abhilash Mohan, Director, CAPIOT Software Pty Ltd, Australia
	Mr. D. Keith Sides Manager, Software Corporation International LLC, USA
	Mr. Eric Massenbourg, Manager, Fusion360 LLC, USA
	Mr. Rajesh Abhyankar – Director, Chief Executive Officer and Secretary, Mediaagility Inc.
	Mr. Nilesh Chavda – Director and Secretary, MediaAgility UK Ltd
	Mr. Abhay Sathe – Director and Secretary, MediaAgility S de RL de CV

Persistent Systems Limited

Notes forming part of consolidated financial statements

	<p>Mr. Kamal Puri – Director, Mediaagility India Private Limited Mr. Niradesh Kumar Chahal – Director, Mediaagility India Private Limited Mr. Manish Khattar – Director, Mediaagility India Private Limited Mr. Sameer Bendre – Director, Mediaagility India Private Limited, CAPIOT Software Private Limited Mr. Shekhar Patankar – Director, Mediaagility India Private Limited Mr. Rajiv Korpai (Manager), Data Glove IT Solutions Limitada, Costa Rica(*) Mr. Rahul Bajaj (Manager), Data Glove IT Solutions Limitada, Costa Rica(*) Ms. Vanessa Hernandez Carrera (Manager), Data Glove IT Solutions Limitada, Costa Rica Mr. Brijesh Chandel – Director, Persistent Systems S.R.L., Youperience Limited, resigned w.e.f. February 20, 2023 Mr. Rajasekar Sukumar – Director, Persistent Systems S.R.L. Romania</p>
Relatives of Key management personnel	<p>Mr. Suresh Deshpande (Father of the Chairman and Managing Director) Mrs. Sulabha Suresh 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. Aditya Phatak (Son of the Independent Director) Mr. Hemant Bakshi (Husband of the Independent Director)</p>
Members of Promoter Group	Rama Purushottam Foundation
Entities over which a key management personnel have significant influence	Deazzle Services Private Limited Azure Associates, LLC Persistent Foundation

Persistent Systems Limited

Notes forming part of consolidated financial statements

	Independent directors:		
	Ms. Roshini Bakshi	4.63	4.08
	Mr. Pradeep Bhargava	1.55	4.33
	Dr. Anant Jhingran**	2.72	3.53
	Mr. Thomas Kendra**	1.40	3.63
	Mr. Praveen Kadle	5.03	4.19
	Mr. Guy Eiferman**	1.40	3.81
	Dr. Deepak Phatak	4.40	3.88
	Ms. Avani Davda \$	4.73	0.79
	Mr. Arvind Goel \$	3.46	-
	Dr. Ambuj Goyal \$	3.41	-
	Mr. Dan'l Lewin \$	3.23	-
	Mr. John Ryan	2.35	-
	Relatives of Key Management Personnel		
	Mr. Arul Deshpande	5.31	3.88
	Total	1,764.04	1,149.13
Dividend paid	Key Management Personnel		
	Dr. Anand Deshpande	891.88	457.22
	Mr. Sunil Sapre	1.16	1.04
	Mr. Sandeep Kalra	3.42	1.77
	Mr. Amit Atre	0.08	0.03
	Independent directors:		
	Mr. Pradeep Bhargava**	0.47	0.24
	Mr. Aditya Pathak	1.13	-
	Relatives of Key Management Personnel		
	Mr. Suresh Deshpande	0.07	0.10
	Mrs. Chitra Buzruk	18.31	9.39
	Dr. Mukund Deshpande	11.20	8.00
	Mrs. Sonali Anand Deshpande	4.37	2.24
	Mrs. Sulabha Suresh Deshpande	0.08	0.12
	Mr. Arul Deshpande	0.39	0.20
	Mr. Asha Sapre	1.66	-
	Mrs. Roshini Bakshi	0.20	-
	Total	934.42	480.35
Earnout payment	Key Management Personnel		
	Anil Kshirsagar	10.78	-
	Total	10.78	-
Other payments	Key Management Personnel		
	Sunil Sapre	0.30	-
	Relatives of Key Management Personnel		
	Asha Sapre	0.30	-
	Total	0.60	-

Guarantees and letters of comfort

i. Guarantees outstanding as at March 31, 2023: Rs. 3,762.98 Million (March 31, 2022: Rs. 3,271.85 Million).

ii. Letters of letters of comfort of USD 51.69 Million: Rs. 4,247.37 Million (March 31, 2022: Rs. 4,547.40 Million) to bank for loans availed by subsidiary of the Parent Company.

Notes:

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

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

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

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

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Persistent Systems Limited**Notes forming part of consolidated financial statements****38 Capital and other commitments**

	As at	
	March 31, 2023	March 31, 2022
	In ₹ Million	In ₹ Million
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	186.51	158.66
Other commitments		
Forward contracts	19,051.51	13,605.02

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

39 Auditors' remuneration

	For the year ended	
	March 31, 2023	March 31, 2022
	In ₹ Million	In ₹ Million
As auditor:		
- Audit fee	11.18	10.35
In other capacity:		
- Other services	0.2	0.84
Reimbursement of expenses	0.46	0.20
	11.84	11.39

40 Research and development expenditure

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

	For the year ended	
	March 31, 2023	March 31, 2022
	In ₹ Million	In ₹ Million
Revenue	-	230.51
	-	230.51

41 Net dividend remitted in foreign exchange

Particulars	Period to which dividend relates	In ₹ Million				
		For the year ended		No. of equity shares held on which dividend was due (in million)	For the year ended	
		March 31, 2023	March 31, 2022		March 31, 2023	March 31, 2022
Interim dividend	2022-23	12	5	0.41	11.64	5.95
Final dividend	2021-22	5	5	0.40	4.39	1.76

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Persistent Systems Limited

Notes forming part of consolidated financial statements

42. Contingent liabilities (In ₹ Million)

Sr. No	As at	
	March 31, 2023	March 31, 2022
a) Claims against the company not acknowledged as debt*		
1 Indirect tax matters	173.78	173.78
(i) In respect to the order passed by the Learned Principal Commissioner of Service Tax, Pune, for Service tax under import of services on reverse charge basis for the Financial Year 2014-15, the Parent Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017. The Parent 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 Parent Company will be eligible to claim credit/refund for the amount paid. 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		
(ii) # In respect of export incentives pertaining to previous periods amounting to ₹ 255.52 million, which have been refunded under protest with interest of ₹ 41.03 million, aggregating to ₹ 296.55 million, the Parent Company had filed an application with Directorate General of Foreign Trade (DGFT). The Parent Company believes that its services are eligible for the export incentives and the dispute is purely an interpretation issue given the highly technical nature. However, based on consultation with subject matter specialists, this matter is likely to involve a prolonged litigation. With the intention of avoiding prolonged litigation and settling the dispute, the Parent Company has requested the relevant authorities for settlement of the case and has submitted an application before the Settlement Commission on 29 December 2022. As part of this settlement, the Parent Company has offered to forego ₹ 296.55 million. While the hearing against the settlement application is awaited, the Parent Company has accordingly recognized a provision of ₹ 296.55 million for the quarter ended 31 December 2022. The Company's management reasonably expects that this matter, when ultimately concluded and determined, will not have a material and adverse effect on the Company's results of operations or financial condition. The amount recognised during the year, is presented as an "exceptional item" in the statement of profit and loss for the current period.	-	296.55
(iii) Other Pending litigations in respect of Indirect taxes.	8.20	13.53
2 Income tax demands disputed in appellate proceedings	1,023.34	855.02
b) Guarantees and Letter of Comfort on behalf of Subsidiaries		
1 Guarantees given on behalf of subsidiaries	3,762.98	3,271.85
2 Letters of comfort on behalf of subsidiary USD 51.69 Million (Previous year : USD 60 million)	4,247.37	4,547.40

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

In the corresponding period such amounts were presented as contingent liabilities.

Persistent Systems Limited**Notes forming part of consolidated financial statements****43 Details of Corporate Social Responsibility expenditure****(In ₹ Million)**

	March 31, 2023	March 31, 2022
a) Gross amount required to be spent by the Company during the year	140.99	110.24
b) Amount of Expenditure incurred		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	117.60	115.53
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 b. Deepastambha Charitable Trust	Donation given to the following entities: a. Persistent Foundation b. Help Age India c. Wildlife Research and Conservation Society
g) Details of related party transactions		
Donation given to Persistent Foundation	117.50	115.36
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.

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Persistent Systems Limited

Notes forming part of consolidated financial statements

44 Business Combinations

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

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

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

Business acquisitions

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

On November 18, 2021 the Persistent Systems Limited (PSL) had entered into an Agreement effecting business acquisition of Shree Infosoft Pvt. Ltd., India ("Shree Infosoft") on September 29, 2021 to acquire its customer relations together with the skilled employees and processes.

Along with this transaction, Persistent Systems Inc. (PSI), the wholly owned subsidiary of the Parent company, had entered into an Agreement effecting business acquisition of Shree Partners LLC, USA, ("Shree Partners").

After the acquisition of business, the Group did not hold any equity interest in Shree Infosoft and Shree Partners.

The acquisition was accounted for using the acquisition method of accounting on provisional basis availing the exemption under Ind AS 103. During the period, the purchase price allocation was completed and the purchase is allocated to assets acquired and liabilities assumed based on fair values at the date of acquisition as follows:

The fair value of amount of consideration paid/payable recognised on provisional basis is ₹ 485.24 million (including deferred purchase consideration of ₹ 198.45 million.).

Particulars	In ₹ Million
Non-current assets	
Property, Plant and Equipment	1.97
Acquired contractual rights	211.26
Goodwill	259.50
Total assets	472.73

b. Purchase price allocation of business acquisition of Data Glove Group

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

During the previous year ended March 31, 2022, the Company had entered into an agreement effecting business acquisition of Data Glove on March 1, 2022. The acquisition was accounted for using the acquisition method of accounting on provisional basis availing the exemption under Ind AS 103.

During the period, the purchase price allocation was completed and the purchase is allocated to assets acquired and liabilities assumed based on fair values at the date of acquisition. Accordingly, fair value of total consideration paid/payable aggregating to ₹ 6,366.68 Million (including deferred purchase consideration of ₹ 2,429.64 million) has been allocated to Acquired Contractual Rights and Goodwill as follows:

Purchase price allocation :

Particulars	In ₹ Million
Current Assets	
Cash and & cash equivalents	12.06
Trade receivables	19.67
Other current assets	0.08
Other current financial assets	34.30
Non-current assets	
Property, Plant and Equipment	5.04
Acquired contractual rights	2,560.62
Goodwill	3,792.16
Subtotal	6,423.93
Current liabilities	
Trade and other payables	57.25
Subtotal	57.25
Net assets taken over	6,366.68

Persistent Systems Limited**Notes forming part of consolidated financial statements****c. MediaAgility India Private Limited and MediaAgility Inc.**

On April 29, 2022, the Parent Company acquired MediaAgility India Private Limited.

Further, on May 4, 2022, Persistent Systems Inc. USA, a wholly-owned subsidiary of the Parent Company, completed the acquisition of MediaAgility Inc., USA and its subsidiaries in the UK, Mexico, and Singapore. The acquired companies have been together referred to as "Media Agility" in the notes elsewhere.

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

MediaAgility is a global cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner. The Company provides cloud-native application development and modernization, analytics and AI, cloud engineering, migrations, and managed services to its clients. With the increased demand for Google Cloud expertise, this acquisition will expand Group's ability to execute cloud-based digital transformation journeys for its global clients.

The fair value of amount of consideration is ₹ 5,534.76 million (including deferred purchase consideration of ₹ 1,168.18 million.)

Purchase price allocation :

Particulars	In ₹ Million
Current Assets	
Cash and & cash equivalents	622.66
Other Bank Balances	20.15
Trade receivables	1,062.23
Other current assets	18.29
Other current financial assets	313.91
Current Tax Assets (net)	18.15
Non-current assets	
Property, Plant and Equipment	9.80
Other non current assets	100.72
Loans	1.83
Deferred Tax Assets	10.39
Provisional intangible assets*	4,870.68
Subtotal	7,048.81
Current liabilities	
Trade and other payables	1,037.75
Borrowings	14.73
Other current liabilities	235.29
Provisions	26.43
Non current liabilities	
Provisions	19.96
Subtotal	1,334.16
Net assets taken over	5,714.65

*Based on provisional purchase price allocation, the Group has revised the provisional intangible assets represented by contractual rights amounting to ₹ 1,534.79 million and goodwill amounting to ₹ 3,335.89 million.

Revenue of ₹ 2,753.25 million for the year ended March 31, 2023 is included in the financial statements. The profit included for the period ended March 31, 2023 is ₹ 472.51 million.

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Persistent Systems Limited

Notes forming part of consolidated financial statements

45 Ratio Analysis and its elements

Ratio	Denomination	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance (if more than 25%)
(a) Current ratio	Number	Current Assets	Current Liabilities	1.8	1.99	-9.55%	
(b) Debt-Equity ratio	%	Debt	Shareholder's Equity	10.81%	12.84%	-2.03%	
(c) Debt Service Coverage ratio	Number	Earnings available for debt service**	Debt service within a year	6.58	6.05	8.76%	
(d) Return on Equity ratio	%	Net Profit after tax	Average Shareholder's Equity	25.66%	22.97%	2.68%	
(e) Trade Receivables turnover ratio	Number	Revenue from operations	Average Trade receivables	5.18	5.92	-12.54%	
(f) Trade payables turnover ratio	Number	Cost of professionals and other expenses ± non-cash adjustments	Average Trade payables	3.23	2.98	8.25%	
(g) Net capital turnover ratio	Number	Revenue from operations	Working capital	5.35	4.04	32.46%	Refer Note 1
(h) Net profit ratio	%	Net Profit after tax	Turnover	11.03%	12.09%	-1.06%	
(i) Return on Capital employed	%	Profit before interest and tax	Average capital employed	31.44%	28.36%	3.08%	
(j) Return on investment	%	Income generated from treasury investments	Average invested funds in treasury investments	5.28%	5.90%	-0.62%	

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

Note 1: Revenue growth along with higher efficiency on working capital improvement has resulted in an improvement in the ratio

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

- 46 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules to determine the financial impact are published.
- 47 The Parent Company has deposits of ₹ 430 million with the financial institutions viz. Infrastructure Leasing & Financial Services Ltd, (IL&FS) and IL&FS Financial Services Ltd, (referred to as "IL&FS Group") as on the balance sheet date. These were due for maturity from January 2019 to June 2019. In view of the uncertainty prevailing with respect to recovery of outstanding balances from IL&FS Group, Management of the Parent Company has fully provided for these deposits, along with interest accrued thereon till the date the deposits had become doubtful of recovery. The Management is hopeful of recovery though with a time lag. The Parent Company continues to monitor developments in the matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposits.
- 48 Finance costs include interest on lease liability of ₹ 137.86 million under finance costs (Previous year ₹ 84.06 million) and notional interest on amounts due to selling shareholders ₹ 112.76 million (Previous year ₹ 15.73 million).
- 49 The Group has working capital facilities from banks on the basis of security of trade receivables. The quarterly statements of trade receivables filed by the Group with banks are in complete agreement with the books of accounts.
- 50 Except as stated below the Group has not advanced / loaned / invested funds to any entities, including foreign entities (Intermediaries), with the understanding that the Intermediary shall directly or indirectly lend or invest in other entities by or on behalf of the Group (Ultimate Beneficiaries). Further, the Group has not provided any guarantee, security to or on behalf of the Ultimate Beneficiaries.
- a) Following are the details of the funds invested by the Group to Intermediaries for further advancing to the Ultimate beneficiaries.

Name of the intermediary to which the funds invested	Date of investment	Amount (₹ Million)	Relationship	Date on which funds are further invested by Intermediaries or Ultimate Beneficiaries	Amount of fund further advanced or loaned or invested by such Intermediaries to other intermediaries or Ultimate Beneficiaries	Name of Ultimate Beneficiary	Registered address of the Ultimate beneficiary
Persistent Systems Inc.	May 4, 2022	1,681.48	Wholly owned subsidiary	May 4, 2022	1,681.48	100% stake in Media Agility Inc.	360, Wall St., Princeton NJ, 08540-1517

b) The Group has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and Companies Act, 2013 and the above transactions are not violative of the Prevention of Money-Laundering Act, 2002.

- 51 The Group has not received funds from any entities, including foreign entities (Funding Parties), with the understanding that the Group shall directly or indirectly, lend or invest in other persons or entities by or on behalf of the Funding Party (Ultimate Beneficiaries). Further, the Group has not provided any guarantee, security on behalf of the Ultimate Beneficiaries.
- 52 The financial statements are presented in ₹ million and decimal thereof except for per share information or as otherwise stated.
- 53 Previous year's figures have been regrouped where necessary to conform to current year's classification. The impact of such regrouping is not material to financial statements.

For Walker 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**

Digitally signed by
SHASHI TADWALKAR
Date: 2023.04.24
19:09:11 -06'00'

Anand Deshpande

Shashi Tadwalkar
Partner
Membership No. : 101797

Dr. Anand Deshpande
Chairman and Managing
Director
DIN: 00005721

Place : USA
Date : April 24, 2023

Sandeep Kalra
Sandeep Kalra (Apr 24, 2023 15:48 PDT)

Sandeep Kalra
Executive Director and
Chief Executive Officer
DIN: 02506494

Place : USA
Date : April 24, 2023

**Praveen
Purushottam Kadle**
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Praveen
Purushottam Kadle
Date: 2023.04.24
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Praveen Kadle
Independent Director
DIN: 00016814

Place : USA
Date : April 24, 2023

Sunil Sapre
Sunil Sapre (Apr 24, 2023 14:36 PDT)

Sunil Sapre
Executive Director and
Chief Financial Officer
DIN: 06475949

Place : USA
Date : April 24, 2023

Amit Atre
Amit Atre (Apr 24, 2023 14:31 PDT)

Amit Atre
Company Secretary
Membership No. A20507

Place : USA
Date : April 24, 2023