Persistent Systems Limited

CONDENSED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019

	Notes	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
ASSETS			
Non-current assets			
Property, Plant and Equipment	6.1	2,331.24	2,581.30
Capital work-in-progress		12.10	7.71
Goodwill	6.2	81.24	76.61
Other Intangible assets	6.3	1,595.41	2,463.54
Intangible assets under development		303.54	44.72
		4,323.53	**5,173.88**
Financial assets			
- Investments	7	4,345.71	2,881.04
- Loans	8	164.00	142.73
-Other non-current financial assets	9	349.29	37.43
Deferred tax assets (net)	10	405.05	642.01
Other non-current assets	11	68.31	91.57
		9,655.89	**8,968.66**
Current assets			
Financial assets			
- Investments	12	3,295.53	5,916.31
- Trade receivables (net)	13	4,923.01	4,847.40
- Cash and cash equivalents	14	1,739.45	1,343.72
- Other bank balances	15	4,984.39	1,070.25
- Loans	16	7.87	6.63
- Other current financial assets	17	2,377.00	2,758.25
Current tax assets (net)		185.06	233.50
Other current assets	18	1,387.79	1,563.41
		18,900.10	**17,739.47**
TOTAL		**28,555.99**	**26,708.13**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	5	791.19	800.00
Other equity		22,655.61	20,471.99
		23,446.80	**21,271.99**
LIABILITIES			
Non- current liabilities			
Financial liabilities			
- Borrowings	19	11.97	16.55
Provisions	20	252.80	159.75
Deferred tax liabilities (net)	10	-	270.41
		264.77	**446.71**
Current liabilities			
Financial liabilities			
- Trade payables [(dues of micro and small enterprises: ₹ 15.63 million (Previous year: ₹ 3.03 million)]	21	1,517.07	1,673.08
- Other financial liabilities	22	441.93	396.33
Other current liabilities	23	1,124.27	1,201.02
Provisions	24	1,686.35	1,599.49
Current tax liabilities (net)		74.80	119.51
		4,844.42	**4,989.43**
TOTAL		**28,555.99**	**26,708.13**
Summary of significant accounting policies	4		

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

As per our report of even date

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants

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

Hemant M. Joshi
Partner
Membership no. 038019

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : April 27, 2019

Place: Pune
Date : April 27, 2019

Persistent Systems Limited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019

	Notes	For the quarter ended		For the year ended	
		March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
Income					
Revenue from operations (net)	25	8,318.54	7,525.46	33,659.41	30,337.03
Other income	26	283.96	320.87	876.55	1,191.01
Total income (A)		**8,602.50**	**7,846.33**	**34,535.96**	**31,528.04**
Expenses					
Employee benefits expense	27.1	4,859.47	4,484.65	19,249.53	18,316.46
Cost of professionals	27.2	862.83	866.68	3,490.45	3,180.63
Finance costs		1.03	0.32	3.05	0.79
Depreciation and amortization expense	6.4	376.80	420.89	1,572.51	1,584.87
Other expenses	28	1,389.23	1,090.30	5,357.03	4,152.68
Total expenses (B)		**7,489.36**	**6,862.84**	**29,672.57**	**27,235.43**
Profit before tax (A - B)		**1,113.14**	**983.49**	**4,863.39**	**4,292.61**
Tax expense					
Current tax		298.75	274.74	1,343.20	1,203.99
Tax credit in respect of earlier years		12.52	(25.29)	88.81	(71.19)
Deferred tax charge / (credit)		(42.86)	(3.02)	(85.41)	(71.07)
Total tax expense		**268.41**	**246.43**	**1,346.60**	**1,061.73**
Net profit for the period / year (C)		**844.73**	**737.06**	**3,516.79**	**3,230.88**
Other comprehensive income					
Items that will not be reclassified to profit and loss (D)					
- Remeasurements of the defined benefit liabilities / (asset) (net of tax)		12.19	38.63	(47.15)	106.88
		12.19	**38.63**	**(47.15)**	**106.88**
Items that may be reclassified to profit and loss (E)					
- Effective portion of cash flow hedge (net of tax)		115.57	(60.11)	168.43	(191.81)
- Exchange differences in translating the financial statements of foreign operations		(58.42)	96.65	113.82	77.70
		57.15	**36.54**	**282.25**	**(114.11)**
Total other comprehensive income for the period / year (D) + (E)		**69.34**	**75.17**	**235.10**	**(7.23)**
Total comprehensive income for the period / year (C) + (D) + (E)		**914.07**	**812.23**	**3,751.89**	**3,223.65**
Earnings per equity share **[Nominal value of share ₹10 (Corresponding period / Previous year: ₹10)]**	29				
Basic (In ₹)		10.59	9.21	43.99	40.39
Diluted (In ₹)		10.59	9.21	43.99	40.39
Summary of significant accounting policies	4				

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

As per our report of even date

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants

Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date : April 27, 2019

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

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : April 27, 2019

Persistent Systems Limited

CONSOLIDATED CASH FLOW STATEMENT FOR YEAR ENDED MARCH 31, 2019

		For the year ended	
		March 31, 2019	**March 31, 2018**
		In ₹ Million	**In ₹ Million**
Cash flow from operating activities			
Profit before tax		**4,863.39**	**4,292.61**
Adjustments for:			
Interest income		(287.72)	(161.54)
Discount allowed		76.92	11.78
Finance costs		3.05	0.79
Dividend income		(180.77)	(171.25)
Depreciation and amortization expense		1,572.51	1,584.87
Amortization of lease premium		0.58	0.58
Unrealised exchange loss/ (gain) (net)		106.54	(123.74)
Change in foreign currency translation reserve		(86.85)	(28.46)
Exchange loss/ (gain) on derivative contracts		20.51	76.73
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents		71.36	(100.66)
Donations in kind		1.40	0.16
Bad debts		71.18	183.97
Provision for doubtful receivables (net)		(4.89)	(151.38)
Employee stock compensation expenses		-	3.80
Provision for doubtful deposits and advances		182.50	-
Provision for diminution in value of investments		13.98	26.96
Remeasurements of the defined benefit liabilities / (asset) (before tax effects)		(70.36)	148.47
Excess provision in respect of earlier years written (back) / off		(33.89)	(18.19)
Advances written back		-	(23.76)
(Gain)/ loss on fair valuation of assets designated as at FVTPL		68.92	18.92
(Profit)/ loss on sale of investments (net)		(366.09)	(186.84)
(Profit) / loss on sale of fixed assets (net)		(4.02)	(2.40)
Operating profit before working capital changes		**6,018.25**	**5,381.42**
Movements in working capital :			
(Increase) / Decrease in non-current and current loans		(5.55)	(1.31)
(Increase) / Decrease in other non current assets		(1.68)	(3.42)
(Increase) / Decrease in other current financial assets		(135.26)	72.03
(Increase) / Decrease in other current assets		175.62	(696.30)
(Increase) / Decrease in trade receivables		(322.95)	145.39
Increase / (Decrease) in trade payables and current liabilities		(180.13)	305.93
Increase / (Decrease) in provisions		179.91	222.03
Operating profit after working capital changes		**5,728.21**	**5,425.77**
Direct taxes paid (net of refunds)		(1,405.07)	(1,213.84)
Net cash generated from operating activities	**(A)**	**4,323.14**	**4,211.93**
Cash flows from investing activities			
Payment towards capital expenditure (including intangible assets)		(379.06)	(654.56)
Proceeds from sale of fixed assets		5.04	3.12
Acquisition of step-down subsidiary net of cash of ₹0.35 million (Previous year ₹ 169.22 million)		(148.17)	(408.35)
Purchase of bonds		(1,175.31)	(595.43)
Proceeds from sale/ maturity of bonds		199.43	-
Purchase of non-current investments		(144.96)	-
Investments in mutual funds		(22,418.13)	(15,502.22)
Proceeds from sale / maturity of mutual funds		25,010.64	14,290.26
Investments in bank deposits having original maturity over three months		(8,094.22)	(326.06)
Maturity of bank deposits having original maturity over three months		4,044.26	42.26
Investments in deposit with financial institutions		(300.00)	(595.35)
Maturity of deposit with financial institutions		650.35	-
Inter corporate deposits refunded		-	0.18
Non current loans placed		(16.96)	-
Interest received		327.33	101.00
Dividends received		180.77	171.25
Net cash generated from / (used in) investing activities	**(B)**	**(2,258.99)**	**(3,473.90)**
Cash flows from financing activities			
(Repayment of) long term borrowings		(4.58)	(4.58)
Shares bought back		(571.41)	-
Interest paid		(3.66)	(1.54)
Dividends paid		(879.14)	(799.79)
Tax on dividend paid		(137.41)	(150.23)
Net cash generated from / (used in) financing activities	**(C)**	**(1,596.20)**	**(956.14)**

Persistent Systems Limited

CONSOLIDATED CASH FLOW STATEMENT FOR YEAR ENDED MARCH 31, 2019

	For the year ended March 31, 2019 In ₹ Million	For the year ended March 31, 2018 In ₹ Million
Net increase / (decrease) in cash and cash equivalents (A + B + C)	467.95	(218.11)
Cash and cash equivalents at the beginning of the year	1,345.13	1,462.58
Effect of exchange difference on translation of foreign currency cash and cash equivalents	(71.36)	100.66
Cash and cash equivalents at the end of the year	**1,741.72**	**1,345.13**
Components of cash and cash equivalents		
Cash on hand (Refer note 14)	0.22	0.23
Balances with banks		
On current accounts # (Refer note 14)	1,300.93	1,196.91
On saving accounts (Refer note 14)	0.91	0.75
On Exchange Earner's Foreign Currency accounts (Refer note 14)	114.91	145.83
On deposit accounts with original maturity less than three months (Refer note 14)	229.54	-
On Escrow accounts** (Refer note 14)	92.94	-
On unpaid dividend accounts* (Refer note 15)	2.27	1.41
Cash and cash equivalents	**1,741.72**	**1,345.13**

Out of the cash and cash equivalent balance as at March 31, 2019, the Group can utilise ₹ 2.15 million only towards research and development activities specified in the loan / grant agreement. There were no such restrictions for utilisation of the cash and cash equivalent balance as at March 31, 2018.

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

** The Group can utilize these balances only towards buy back of equity shares.

Summary of significant accounting policies - Refer note 4

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

As per our report of even date

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants

Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date : April 27, 2019

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

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : April 27, 2019

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED MARCH 31, 2019

A. Share capital

(Refer note 5)

(In ₹ Million)

Balance as at April 1, 2018	Changes in equity share capital during the year (refer note 5d)	Balance as at March 31, 2019
800.00	(8.81)	791.19

(In ₹ Million)

Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
800.00	-	800.00

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Persistent Systems Limited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED MARCH 31, 2019

B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus							Items of other comprehensive income		Total
	Securities premium	General reserve	Share options outstanding reserve	Gain on bargain purchase	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2018	1,336.70	9,306.27	90.52	26.39	-	-	9,544.13	16.63	151.35	20,471.99
Net profit for the year	-	-	-	-	-	-	3,516.79	-	-	3,516.79
Other comprehensive income for the year	-	-	-	-	-	-	(47.15)	168.43	113.82	235.10
Dividend	-	-	-	-	-	-	(880.00)	-	-	(880.00)
Tax on dividend	-	-	-	-	-	-	(137.41)	-	-	(137.41)
Transfer to general reserve	-	1,260.03	-	-	-	-	(1,260.03)	-	-	-
Transfer to capital redemption reserve	-	-	-	-	8.81	-	(8.81)	-	-	-
Transfer to Special Economic Zone re-investment reserve	-	-	-	-	-	70.00	(70.00)	-	-	-
Adjustments towards employees stock options	-	14.23	(14.23)	-	-	-	-	-	-	-
Addition on business combination (refer note 45)	-	-	-	0.25	-	-	-	-	-	0.25
Utilised towards buy back of shares (refer note 5d)	(562.60)	-	-	-	-	-	-	-	-	(562.60)
Other changes during the year	-	(14.58)	-	26.07	-	-	-	-	-	11.49
Balance as at March 31, 2019	**774.10**	**10,565.95**	**76.29**	**52.71**	**8.81**	**70.00**	**10,657.52**	**185.06**	**265.17**	**22,655.61**

(In ₹ Million)

Particulars	Reserves and surplus							Items of other comprehensive income		Total
	Securities premium	General reserve	Share options outstanding reserve	Gain on bargain purchase	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2017	1,336.70	7,837.40	187.12	24.25	-	-	8,525.07	208.44	73.65	18,192.63
Net profit for the year	-	-	-	-	-	-	3,230.88	-	-	3,230.88
Other comprehensive income for the year	-	-	-	-	-	-	106.88	(191.81)	77.70	(7.23)
Dividend	-	-	-	-	-	-	(800.00)	-	-	(800.00)
Tax on dividend	-	-	-	-	-	-	(150.23)	-	-	(150.23)
Transfer to general reserve	-	1,368.47	-	-	-	-	(1,368.47)	-	-	-
Employee stock compensation expenses	-	-	3.80	-	-	-	-	-	-	3.80
Adjustments towards employees stock options	-	100.40	(100.40)	-	-	-	-	-	-	-
Other changes during the year	-	-	-	2.14	-	-	-	-	-	2.14
Balance at March 31, 2018	**1,336.70**	**9,306.27**	**90.52**	**26.39**	**-**	**-**	**9,544.13**	**16.63**	**151.35**	**20,471.99**

Summary of significant accounting policies - Refer note 4

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

As per our report of even date

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants

Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date : April 27, 2019

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

Dr. Anand Deshpande
Chairman and
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Kiran Umrootkar
Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : April 27, 2019

Nature and purpose of reserves

a) Securities premium reserve

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

b) General reserve

General reserve represents amounts transferred from profit for the year and from Share options outstanding reserve on exercise / expiry of employee share options. It is a free reserve as per section 2 (43) of the Companies Act, 2013.

c) Share options outstanding reserve

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

d) 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.

e) 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.

f) Special Economic Zone re-investment reserve

The Special Economic Zone re-investment reserve has been created out of the profit in terms of the provisions of Section 10AA(1)(ii) of the Income tax Act, 1961. The reserve should be utilised by the Group for acquiring new plant and machinery for the purpose of its business in terms of Section 10AA(2) of the Income tax Act, 1961.

g) Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into towards highly probable transactions. Such gains or losses are subsequently recognised in the statement of profit and loss in the period in which the such transaction occurs.

h) 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.

1. Nature of operations

Persistent Systems Limited (the "Company" or "PSL") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 (the "Act"). The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a global company specializing in software products, services and technology innovation. The Company offers complete product life cycle services.

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.

Akshat Corporation (d.b.a. RGen Solutions) based in USA, is a wholly owned subsidiary of Persistent Systems Inc. Akshat Corporation has been dissolved with effect from December 21, 2018. Persistent Systems Inc, its holding company, took over all the assets and liabilities of Akshat Corporation on the date of dissolution.

Aepona Holdings Limited (an Ireland based wholly owned subsidiary of Persistent Systems Inc.) operates as the holding Company of Aepona Group Limited.

Aepona Group Limited, (an Ireland based wholly owned subsidiary of Aepona Holdings Limited) operates as the holding Company of Aepona Limited and Valista Limited.

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.

Valista Limited (an Ireland based wholly owned subsidiary of Aepona Group Limited) has adopted indirect sales model, with services revenue being billed to Aepona Limited. Sale of services are then contracted between Aepona Limited and customers. The company is under liquidation.

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

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 Persistent Systems Limited) operates as the holding Company of PARX Werk AG.

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

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

Herald Technologies Inc. (HTI), based in the USA a wholly owned subsidiary of Persistent Systems Inc., is working on implementation of platforms and related IT services for the healthcare industry.

2. Basis of preparation

The 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 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.

Statement of compliance:

These financial statements have been prepared in accordance with Ind AS 34 Interim Financial Reporting as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

3. Principles of consolidation

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the quarter and year ended March 31, 2019 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 Company for its separate financial statements.

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

The financial statements of the Company and its subsidiary companies 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 consolidated financial statements include the share of profit / loss of associate companies, which are accounted for under the 'Equity method'. The share of profit / loss of the associate company has been adjusted to the cost of investment in the associate, as per the 'Equity method'. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.

The excess of the cost to the Company of its investment in a subsidiary and the 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 subsidiary over the cost of investment in the subsidiary is treated as gain on bargain purchase in the consolidated financial statements. Goodwill 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 Company's separate financial statements.

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

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

Name of the subsidiary	Ownership Percentage as at		Country of incorporation
	March 31, 2019	March 31, 2018	
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
Akshat Corporation (d.b.a. RGen Solutions) (Dissolved with effect from December 21, 2018) *	-	100%	USA
Aepona Holdings Limited	100%	100%	Ireland
Aepona Group Limited	100%	100%	Ireland
Aepona Limited	100%	100%	UK
Valista Limited	100%	100%	Ireland
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
PARX Werk AG	100%	100%	Switzerland
PARX Consulting GmbH	100%	100%	Germany
Herald Technologies Inc**	100%	-	USA

* Refer note 32.
** Refer note 35.

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4. Summary of significant accounting policies

(a) Use of estimates

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

Critical accounting estimates

i. Revenue recognition

The Group uses the percentage-of-completion method in accounting for its 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 royalty 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 royalty on the basis of historical trends of customer revenue.

ii. 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.

iii. Intangible assets and contingent consideration in business combinations

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

iv. 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.

v. Impairment of Goodwill

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. 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.

vi. Provisions

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

vii. Internally generated Intangible assets

During the period/year, the management continued to assess the recoverability of the Group's internally generated intangible assets including those under development. Based on the current revenue generated from these lines of business, expected future revenue and the basis of amortization followed, the management considers the carrying value of the these intangible assets as recoverable.

(b) Property, Plant and Equipment

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

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its 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. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

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

Research and development cost

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

Business combinations are accounted for using the acquisition method under the provisions of Ind AS 103 - Business Combinations.

The cost of an acquisition is measured at the fair value of the assets acquired and liabilities incurred or assumed on the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of contingent consideration, if any. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs that the Group incurs in connection with a business combinations are expensed as incurred.

(e) 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. Goodwill is measured at cost less accumulated impairment losses.

(f) Depreciation and amortization

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

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

Assets	Useful lives
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	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 internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

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

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

Intangible assets are amortized on a straight line basis over their estimated useful lives commencing from the day the asset is made available for use.

(g) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

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

- **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 assets at amortized cost or as 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.

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

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

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

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

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

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

- **Financial liabilities at amortized cost**

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

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

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

Derecognition

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 recognized in profit or loss.

(h) Impairment

i) 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 Group recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ii) Non-financial assets

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

In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The recoverable amount is the greater of the asset's fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. An impairment loss is recognised in the statement of profit and loss.

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

(i) Borrowing costs

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

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

Amendment to Ind AS 23 Borrowing costs: The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any impact related to this amendment.

(j) Leases

Where the Group is a lessee

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

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

Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

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

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

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

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

Certain practical expedients are available under both the methods.

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

The effect of adoption as on transition date would majorly result in an increase in Right of use asset approximately by ₹ 611.38 million and an increase in lease liability approximately by ₹ 764.46 million.

(k) Revenue recognition

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

(i) Income from sale of software services and products

Effective April 1, 2018, the Group adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the previous period's/ year's amounts have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 was insignificant.

The Group derives revenues primarily from IT services comprising of software development and related services and from the licensing of software products.
Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.
Arrangements with customers for software related services are either on a time-and-material or a fixed-price basis.

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

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.
The Group has applied the principles under Ind AS 115 to account for revenues from these performance obligations.

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

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

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

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

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

The Group collects Goods and Service Tax, value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

(ii) Interest

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

(iii) Dividend

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

(l) Government grants

Government grants are recognized 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 related to expenses are deducted in reporting the related expenses in the income statement.

(m) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

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

Conversion

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

Exchange differences

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

Translation of foreign operations

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

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

(n) Retirement and other employee benefits

(i) 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 basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the period / year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Group for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date 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.

(iii) 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.

(iv) Leave encashment

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

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

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

(v) 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 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.

Amendment to Ind AS 19: plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group does not expect any impact on account of this amendment.

(o) 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 / year in which the temporary differences originate.

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

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

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

Minimum alternate tax (MAT) paid in a period / year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.
The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019.
The Group will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.
The effect on adoption of Ind AS 12 Appendix C would be insignificant in the consolidated financial statements.

Amendment to Ind AS 12 – Income taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group is currently evaluating the effect of this amendment on the standalone financial statements.

(p) 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 as these items are used interchangeably between 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 adopted for preparing and presenting the financial statements of the Group as a whole.

(q) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period / year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year. The weighted average number of equity shares outstanding during the reporting period 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. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Group.

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

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

(r) 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 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.

(s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the 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.

(t) 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.

(u) Employee stock compensation expenses

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).

In accordance with Ind AS 102 – “Share Based Payments”, 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.

The expense or credit recognized in the statement of profit and loss for a period / year represents the movement in cumulative expense recognized as at the beginning and end of that period / year and is recognized in employee benefits expense. 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.

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5. Share capital

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Authorized shares (No. in million)		
200 (Previous period /Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid-up shares (No. in million)		
79.12 (Previous period /Previous year: 80) equity shares of ₹ 10 each	791.19	800.00
Issued, subscribed and fully paid-up share capital	**791.19**	**800.00**

a) Reconciliation of the shares outstanding at the beginning and at the end of the period/ 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, 2019		As at March 31, 2018	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the period/ year	80.00	800.00	80.00	800.00
Less: Shares bought back	0.88	8.81	-	-
Number of shares at the end of the period/ year	**79.12**	**791.19**	**80.00**	**800.00**

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 Parent Company declared an interim dividend of ₹ 8 per share on the face value of ₹ 10 each for the Financial Year 2018-19.

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	For the period of five years ended March 31, 2019 No in Million	For the period of five years ended March 31, 2018 No in Million
Equity shares allotted on March 12, 2015 as fully paid bonus shares by capitalization of securities premium ₹ 400.00 million	40.00	40.00
Equity shares bought back	0.88	-

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d) Buyback of Equity Shares of the Parent Company:

The Board of Directors of Persistent Systems Limited ("the Parent Company"), at its meeting in January 2019, approved the buyback of the Parent Company's fully paid-up equity shares of the face value of ₹ 10 each from its shareholders/beneficial owners excluding promoters, promoter group and persons who are in control of the Parent Company, via the "open market" route through the stock exchanges, for a total amount not exceeding ₹ 2,250 million ("Maximum Buyback Size"), and at a price not exceeding ₹ 750 per Equity Share ("Maximum Buyback Price").

The indicative maximum number of Equity Shares bought back at the above maximum price would be 3,000,000. If the Equity Shares are bought back at a price below the Maximum Buyback Price of ₹ 750, the actual number of equity shares bought back could exceed the above indicative Maximum Buyback quantity but will always be subject to the Maximum Buyback Size.

The Buyback shall be from the open market purchases through the stock exchanges, by the order matching mechanism except 'all or none' order matching system, as provided under the Buyback Regulations.

The Parent Company will fund the buyback from its securities premium account, free reserves and/or such other source as may be permitted.

The buyback of equity shares through the stock exchanges commenced on February 8, 2019 and is expected to be completed by August 7, 2019 or reaching the Maximum Buyback Size, whichever is earlier.

During the period from February 8, 2019 to March 31, 2019, 881,098 equity shares were purchased from the stock exchanges as follows: (a) 368,851 Equity Shares which have been purchased and extinguished as of March 31, 2019; (b) 447,981 Equity hares which have been purchased but not extinguished as of March 31, 2019; and (c) 64,266 shares which have been purchased but have not been settled and therefore not extinguished as of March 31, 2019. The Parent Company has completed the extinguishment of remaining Equity Shares of 512,247 on April 9, 2019.

Consequently, the paid-up capital of the Group has been reduced from ₹ 800.00 million to ₹ 791.19 million comprising of 79,118,902 Equity Shares of ₹ 10 each.

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

Name of the shareholder*	As at March 31, 2019		As at March 31, 2018	
	No. in Million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.95	29.01	22.93	28.66

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

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6.1 Property, Plant and Equipment

(In ₹ Million)

	Land - Freehold	Buildings*	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2018	221.03	2,450.18	2,392.46	86.63	1,408.62	94.84	665.41	4.73	7,323.90
Additions	-	0.07	179.46	3.75	22.56	-	8.86	4.66	219.36
Additions through business combination (refer note 45)	-	-	0.08	-	-	-	0.03	-	0.11
Disposals	-	0.04	143.23	2.70	22.82	-	0.59	0.95	170.33
Effect of foreign currency translation from functional currency to reporting currency	(0.56)	(2.49)	12.82	1.95	(0.12)	(0.61)	6.16	-	17.15
As at March 31, 2019	**220.47**	**2,447.72**	**2,441.59**	**89.63**	**1,408.24**	**94.23**	**679.87**	**8.44**	**7,390.19**
Depreciation and impairment									
As at April 1, 2018	-	885.26	2,078.80	62.14	1,097.81	69.78	544.39	4.42	4,742.60
Charge for the period	-	98.95	214.59	9.59	92.06	7.66	50.78	0.76	474.39
Additions through business combination (refer note 45)	-	-	0.02	-	-	-	0.01	-	0.03
Disposals	-	0.03	142.52	2.40	22.82	-	0.59	0.95	169.31
Effect of foreign currency translation from functional currency to reporting currency	-	(0.77)	9.47	0.80	(0.12)	(0.86)	2.72	-	11.24
As at March 31, 2019	**-**	**983.41**	**2,160.36**	**70.13**	**1,166.93**	**76.58**	**597.31**	**4.23**	**5,058.95**
Net block									
As at March 31, 2019	**220.47**	**1,464.31**	**281.23**	**19.50**	**241.31**	**17.65**	**82.56**	**4.21**	**2,331.24**
As at March 31, 2018	**221.03**	**1,564.92**	**313.66**	**24.49**	**310.81**	**25.06**	**121.02**	**0.31**	**2,581.30**

<u>* Note: Building includes those constructed on leasehold land:</u>
a) Gross block as on March 31, 2019 ₹ 1,454.06 million (Previous year ₹1,454.10 million)
b) Depreciation charge for the year ₹ 58.95 million (Previous year ₹ 58.45 million)
c) Accumulated depreciation as on March 31, 2019 ₹ 439.96 million (Previous year ₹ 381.05 million)
d) Net book value as on March 31, 2019 ₹ 1,014.10 million (Previous year ₹ 1,073.05 million)

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6.1 Property, Plant and Equipment

(In ₹ Million)

	Land - Freehold	Buildings	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2017	219.02	2,420.77	2,233.17	76.43	1,373.11	86.38	622.64	4.73	7,036.25
Additions	-	20.40	189.10	9.97	57.89	1.73	26.66	-	305.75
Additions through business combination	-	-	16.83	1.01	3.15	-	13.20	-	34.19
Disposals	-	-	90.67	1.05	27.00	-	0.58	-	119.30
Effect of foreign currency translation from functional currency to reporting currency	2.01	9.01	44.03	0.27	1.47	6.73	3.49	-	67.01
As at March 31, 2018	**221.03**	**2,450.18**	**2,392.46**	**86.63**	**1,408.62**	**94.84**	**665.41**	**4.73**	**7,323.90**
Depreciation and impairment									
As at April 1, 2017	-	784.92	1,863.38	52.41	1,026.57	55.86	480.54	4.21	4,267.89
Charge for the year	-	98.12	254.08	10.09	94.63	7.85	55.95	0.21	520.93
Additions through business combination	-	-	9.95	0.44	2.28	-	5.94	-	18.61
Disposals	-	-	90.41	0.94	26.64	-	0.59	-	118.58
Effect of foreign currency translation from functional currency to reporting currency	-	2.22	41.80	0.14	0.97	6.07	2.55	-	53.75
As at March 31, 2018	**-**	**885.26**	**2,078.80**	**62.14**	**1,097.81**	**69.78**	**544.39**	**4.42**	**4,742.60**
Net block									
As at March 31, 2018	**221.03**	**1,564.92**	**313.66**	**24.49**	**310.81**	**25.06**	**121.02**	**0.31**	**2,581.30**

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6.2. Goodwill

(In ₹ Million)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Cost		
Balance at beginning year	76.61	76.23
Additional amounts recognised from business combinations occurring during the year	-	0.77
Effect of foreign currency exchange differences	4.63	(0.39)
Balance at end of year	**81.24**	**76.61**

6.3. Other Intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2018	2,422.24	3,983.87	6,406.11
Additions	52.38	39.61	91.99
Effect of foreign currency translation from functional currency to reporting currency	100.96	185.10	286.06
As at March 31, 2019	**2,575.58**	**4,208.58**	**6,784.16**
Amortization and impairment			
As at April 1, 2018	2,076.02	1,866.55	3,942.57
Charge for the period	319.05	779.07	1,098.12
Effect of foreign currency translation from functional currency to reporting currency	84.45	63.61	148.06
As at March 31, 2019	**2,479.52**	**2,709.23**	**5,188.75**
Net block			
As at March 31, 2019	**96.06**	**1,499.35**	**1,595.41**
As at March 31, 2018	**346.22**	**2,117.32**	**2,463.54**

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2017	2,385.43	2,980.69	5,366.12
Additions	20.11	493.75	513.86
Additions through business combination	-	489.16	489.16
Effect of foreign currency translation from functional currency to reporting currency	16.70	20.27	36.97
As at March 31, 2018	**2,422.24**	**3,983.87**	**6,406.11**
Amortization and impairment			
As at April 1, 2017	1,724.63	1,126.44	2,851.07
Charge for the year	334.64	729.30	1,063.94
Effect of foreign currency translation from functional currency to reporting currency	16.75	10.81	27.56
As at March 31, 2018	**2,076.02**	**1,866.55**	**3,942.57**
Net block			
As at March 31, 2018	**346.22**	**2,117.32**	**2,463.54**
As at March 31, 2017	**660.80**	**1,854.25**	**2,515.05**

6.4. Depreciation and amortization

	For the quarter ended		For the year ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
On Property, Plant and Equipment	115.98	133.77	474.39	520.93
On other intangible assets	260.82	287.12	1,098.12	1,063.94
	376.80	**420.89**	**1,572.51**	**1,584.87**

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7. Non-current financial assets : Investments (refer note 30)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Investments carried under equity accounting method		
Unquoted Investments		
Investments in equity instruments		
In associates		
Klisma e-Services Private Limited [Holding 50%. (Previous year 50%)]		
0.005 million (Previous year : 0.005 million) shares of ₹10 each, fully paid up	0.05	0.05
Less : Impairment of non-current unquoted investments	(0.05)	(0.05)
	-	-
Total investments carried equity accounting method (A)	-	-
Investments carried at amortised cost		
Quoted Investments		
In bonds	2,088.35	1,112.47
[Market value ₹ 2,120.86 million (Previous year ₹ 1,139.71 million)]		
Add: Interest accrued on bonds	68.33	33.64
Total investments carried at amortised cost (B)	**2,156.68**	**1,146.11**
Designated as fair value through profit and loss		
Quoted Investments		
- Investments in mutual funds		
Fair value of long term mutual funds (Refer Note 7a)	1,974.91	1,657.49
	1,974.91	**1,657.49**
Unquoted Investments		
- Others*		
Ciqual Limited [Holding 2.38% (Previous year 2.38%)]		
0.04 million (Previous year : 0.04 million) shares of GBP 0.01 each, fully paid up	13.81	13.49
Less : Impairment of non-current unquoted investments	(13.81)	(13.49)
	-	-
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**
- Investments in preferred stock		
Hygenx Inc.	13.82	13.03
0.25 million (Previous year : 0.25 million) Preferred stock of $ 0.001 each, fully paid up		
Less : Impairment of non-current unquoted investments	(13.82)	(13.03)
	-	**-**
OpsDataStore Inc.	13.82	13.03
0.20 million (Previous year : 0.20 million) Preferred stock of $ 0.001 each, fully paid up		
Less : Impairment of non-current unquoted investments	(13.82)	-
	-	**13.03**
Trunomi Inc.	17.28	16.29
0.28 million (Previous year : 0.28 million) Preferred stock of $ 0.002 each, fully paid up		
Jocata Corporation	25.22	16.29
0.006 million (Previous year : 0.006 million) Preferred stock of $ 0.001 each, fully paid up		
Ampool Inc.	17.28	16.29
0.55 million (Previous year : 0.55 million) Preferred stock of $ 0.4583 each, fully paid up		
Cazena Inc.		
0.35 million (Previous year : Nil) Preferred stock of $ 0.0001 each, fully paid up	138.22	-
	198.00	**61.90**
- Investments in Convertible Notes		
DxNow	8.64	8.15
1 (Previous year : 1) convertible note of USD 125,000 each, fully paid up		
Less : Impairment of non-current unquoted investments	(8.64)	(8.15)
	-	**-**
Ustyme	17.28	16.29
1 (Previous year : 1) convertible note of USD 250,000 each, fully paid up		
Less : Impairment of non-current unquoted investments	(17.28)	(16.29)
	-	**-**
Akumina Inc.	10.12	9.54
1 (Previous year : 1) convertible note of USD 146,429 each, fully paid up		
	10.12	**9.54**
Total Investments carried at Fair Value (C)	**2,189.03**	**1,734.93**
Total investments (A) + (B) + (C)	**4,345.71**	**2,881.04**
Aggregate amount of impairment in value of investments	67.42	51.01
Aggregate amount of quoted investments	4,131.59	2,803.60
Aggregate amount of unquoted investments	281.54	128.45

* 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"

7 a) Details of fair value of investment in long term Mutual Funds (Quoted)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
ICICI Prudential Mutual Fund	550.21	664.16
Axis Mutual Fund	304.96	-
Kotak Mutual Fund	294.32	214.02
HDFC Mutual Fund	205.96	191.64
Aditya Birla Sun Life Mutual Fund	191.44	157.98
UTI Mutual Fund	160.32	89.43
SBI Mutual Fund	65.18	177.65
Reliance Mutual Fund	58.05	53.81
IDFC Mutual Fund	50.13	108.80
DHFL Pramerica Mutual Fund	32.10	-
DSP Mutual Fund	32.09	-
Sundaram Mutual Fund	30.15	-
	1,974.91	**1,657.49**

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8. Non-current financial assets : Loans (refer note 30)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Carried at amortised cost		
Security deposits		
Unsecured, considered good	142.80	138.49
Unsecured, credit impaired	-	2.19
	142.80	**140.68**
Less: Impairment of non-current loans	-	(2.19)
	142.80	**138.49**
Loan to others (Unsecured, considered good)		
Loans	21.20	4.24
	21.20	**4.24**
Other loans and advances		
Inter corporate deposits		
Unsecured, considered good	-	-
Unsecured, credit impaired	0.58	0.58
	0.58	**0.58**
Less: Impairment of non-current loans	(0.58)	(0.58)
	-	**-**
	164.00	**142.73**

9. Other non current financial assets

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Non-current bank balances (Refer note 15)	94.39	1.53
Add: Interest accrued but not due on non-current bank deposits	1.46	0.21
Non-current deposits with banks (Carried at amortised cost)	**95.85**	**1.74**
Deposits with financial institutions	430.00	35.00
Add: Interest accrued but not due on deposit with financial institutions	5.94	0.69
Less: Credit impaired	(182.50)	-
	253.44	**35.69**
	349.29	**37.43**

10. Deferred tax asset/ liability (net) *

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Deferred tax liabilities		
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets	226.85	246.10
Capital gains	79.12	108.63
Others	105.04	11.52
	411.01	**366.25**
Deferred tax assets		
Provision for leave encashment	141.33	120.38
Provision for long service awards	124.16	96.93
Provision for doubtful debts	39.98	41.81
Provision for gratuity	2.41	-
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets (overseas)	83.81	117.12
Brought forward and current year losses	60.30	41.12
Tax credits	226.35	281.37
Others	137.72	39.12
	816.06	**737.85**
Deferred tax liabilities after set off	**411.01**	**270.41**
Deferred tax assets after set off	**816.06**	**642.01**

* 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.

11. Other non-current assets

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Capital advances (Unsecured, considered good)	2.06	27.00
Advances recoverable in cash or kind or for value to be received	66.25	64.57
	68.31	**91.57**

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12. Current financial assets : Investments

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Designated as fair value through profit and loss		
- Quoted investments		
Investments in mutual funds		
Fair value of current mutual funds (Refer Note 12a)	3,295.53	5,916.31
	3,295.53	**5,916.31**
Total carrying amount of investments	**3,295.53**	**5,916.31**
Aggregate amount of quoted investments	**3,295.53**	**5,916.31**
Aggregate amount of unquoted investments	**-**	**-**

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

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
UTI Mutual Fund	625.92	823.08
HDFC Mutual Fund	493.59	174.66
Axis Mutual Fund	426.87	743.70
L&T Mutual Fund	407.39	749.22
ICICI Prudential Mutual Fund	399.98	275.33
Aditya Birla Sun Life Mutual Fund	386.73	845.88
SBI Mutual Fund	162.14	50.24
Tata Mutual Fund	115.97	817.81
IDFC Mutual Fund	106.40	349.34
DSP Mutual Fund	103.35	50.39
Sundaram Mutual Fund	67.19	104.15
Reliance Mutual Fund	-	190.45
Kotak Mutual Fund	-	300.42
DHFL Pramerica Mutual Fund	-	441.64
	3,295.53	**5,916.31**

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13. Trade receivables (refer note 30)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	4.00	23.12
Unsecured, credit impaired	134.54	146.97
	138.54	**170.09**
Less : Allowance for credit loss	(134.54)	(146.97)
	4.00	**23.12**
Others		
Unsecured, considered good	4,919.01	4,824.28
Unsecured, credit impaired	-	-
	4,919.01	**4,824.28**
Less : Allowance for credit loss	-	-
	4,919.01	**4,824.28**
	4,923.01	**4,847.40**

14. Cash and cash equivalents (refer note 30)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Cash and cash equivalents as presented in cash flow statement		
Cash in hand	0.22	0.23
Balances with banks		
On current accounts *	1,300.93	1,196.91
On saving accounts	0.91	0.75
On Exchange Earner's Foreign Currency accounts	114.91	145.83
On deposit accounts with original maturity less than three months	229.54	-
On Escrow account**	92.94	-
	1,739.45	**1,343.72**

*Out of the cash and cash equivalent balance as at March 31, 2019, the Group can utilise ₹ 2.15 million only towards research and development activities specified in the loan / grant agreement. There were no such restrictions for utilisation of the cash and cash equivalent balance as at March 31, 2018.

** The Group can utilize these balances only towards buy back of equity shares.

15. Other bank balances (refer note 30)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Short term bank deposits	4,789.02	-
On deposit account with original maturity more than twelve months *	228.71	940.47
Add: Interest accrued but not due on deposits with banks	60.24	130.11
Deposits with banks (Carried at amortised cost)	**5,077.97**	**1,070.58**
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (refer note 9)	(94.39)	(1.53)
Less: Interest accrued but not due on non-current deposits with banks (refer note 9)	(1.46)	(0.21)
	4,982.12	**1,068.84**
Balances with banks On unpaid dividend accounts**	2.27	1.41
	4,984.39	**1,070.25**

* Out of the balance, fixed deposits of ₹ 87.99 million (Previous year: ₹ 63.78 million) have been earmarked against bank guarantees availed by the Group.

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

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16. Current financial assets : Loans (refer note 30)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Carried at amortised cost		
Loan to related parties (Unsecured, credit impaired)		
Klisma e-Services Private Limited	27.43	27.43
	27.43	**27.43**
Less: Impairment of current loans	(27.43)	(27.43)
	-	-
Security deposits		
Unsecured, considered good	7.87	6.63
	7.87	**6.63**
	7.87	**6.63**

17. Other current financial assets (refer note 30)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Fair value of derivatives designated and effective as hedging instruments		
Forward contracts receivable	281.27	42.75
Advances to suppliers		
Unsecured, credit impaired	0.81	0.81
Less: Impairment of current financial assets	(0.81)	(0.81)
	-	-
Deposit with financial institutions	250.00	995.35
Add: Interest accrued but not due on deposit with financial institutions	10.97	20.65
Deposits with financial institutions (Carried at amortised cost)	**260.97**	**1,016.00**
Unbilled revenue	1,834.76	1,699.50
	2,377.00	**2,758.25**

18. Other current assets

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Advances to suppliers (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	432.25	561.68
Other advances (Unsecured, considered good)		
VAT receivable (net)	35.07	74.42
Service tax and GST receivable (net) (Refer note 36)	920.47	927.31
	955.54	**1,001.73**
	1,387.79	**1,563.41**

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19. Non-current financial liabilities : Borrowings (refer note 30)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Unsecured Borrowings carried at amortised cost		
Term loans		
Indian rupee loan from others	16.55	21.13
Interest accrued but not due on term loans	0.17	0.78
	16.72	**21.91**
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (Refer note 22)	(4.58)	(4.58)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (Refer note 22)	(0.17)	(0.78)
	(4.75)	**(5.36)**
	11.97	**16.55**

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

Loan I - amounting to ₹ 5.46 million (Previous year: ₹ 8.19 million) with interest payable @ 2% per annum guaranteed by a bank guarantee by the Company and repayable in ten equal semi annual installments over a period of five years commencing from March 2016.

Loan II - amounting to ₹ 11.09 million (Previous year: ₹ 12.94 million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from September 2015.

20. Non current liabilities : Provisions

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Provision for employee benefits		
- Gratuity	94.34	16.38
- Long service awards	158.46	143.37
	252.80	**159.75**

21. Trade payables (refer note 30)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Trade payables for goods and services	1,517.07	1,673.08
	1,517.07	**1,673.08**

22. Other current financial liabilities (refer note 30)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Capital creditors	55.16	32.36
Current maturity of long-term borrowings (refer note 19)	4.58	4.58
Current maturity of interest on long-term borrowings (refer note 19)	0.17	0.78
Accrued employee liabilities	377.88	357.02
Unpaid dividend*	2.27	1.41
Other liabilities	1.87	0.18
	441.93	**396.33**

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

23.Other current liabilities

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Unearned revenue	842.08	921.10
Advance from customers	26.34	25.38
Other payables		
- Statutory liabilities	247.67	251.49
- Other liabilities	8.18	3.05
	1,124.27	**1,201.02**

24. Current liabilities : Provisions

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Provision for employee benefits		
- Gratuity	17.20	(44.77)
- Leave encashment	548.87	468.73
- Long service awards	19.02	22.31
- Other employee benefits	1,101.26	1,153.22
	1,686.35	**1,599.49**

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25. Revenue from operations (net)

	For the quarter ended		For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
Software services	7,928.87	7,294.65	32,169.39	29,440.60
Software licenses	389.67	230.81	1,490.02	896.43
	8,318.54	**7,525.46**	**33,659.41**	**30,337.03**

26. Other income

	For the quarter ended		For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
Interest income				
On financial assets carried at amortised cost	56.65	12.63	103.10	47.87
On others	41.81	36.43	184.62	113.67
Foreign exchange gain (net)	-	149.54	-	586.31
Profit on sale of fixed assets (net)	1.50	0.53	4.02	2.40
Dividend income from investments	42.57	42.02	180.77	171.25
Profit on sale of investments (net)	77.57	12.24	366.09	186.84
Net gain/(loss) arising on financial assets designated as at FVTPL	19.01	53.62	(68.92)	(18.92)
Excess provision in respect of earlier period / years written back	11.98	13.86	33.89	18.19
Advances written back	-	-	-	23.76
Miscellaneous income	32.87	-	72.98	59.64
	283.96	**320.87**	**876.55**	**1,191.01**

27. Personnel expenses

	For the quarter ended		For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
27.1 Employee benefits expense				
Salaries, wages and bonus	4,534.42	4,180.55	18,000.86	17,190.37
Contribution to provident fund	100.90	66.10	384.78	346.56
Gratuity expenses	37.84	38.20	155.45	167.78
Defined contribution to other funds	61.63	71.78	216.89	158.08
Staff welfare and benefits	124.68	128.02	491.55	449.87
Employee stock compensation expenses	-	-	-	3.80
	4,859.47	**4,484.65**	**19,249.53**	**18,316.46**
27.2 Cost of professionals	862.83	866.68	3,490.45	3,180.63
	5,722.30	**5,351.33**	**22,739.98**	**21,497.09**

28. Other expenses

	For the quarter ended		For the year ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	224.06	226.27	933.11	867.92
Electricity expenses (net)	20.47	23.32	109.45	104.49
Internet link expenses	18.28	18.55	67.37	66.46
Communication expenses	25.98	25.02	100.72	119.86
Recruitment expenses	46.24	16.93	116.63	83.43
Training and seminars	10.24	9.11	30.22	24.25
Royalty expenses	25.52	9.71	65.01	60.46
Purchase of software licenses	304.57	243.18	1,473.20	933.39
Bad debts	0.14	144.69	71.18	183.97
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	5.33	(134.63)	(4.89)	(151.38)
Rent	110.43	106.53	463.72	448.52
Insurance	7.39	5.95	24.84	24.05
Rates and taxes	28.83	25.26	79.26	115.42
Legal and professional fees	117.81	155.66	572.88	500.35
Repairs and maintenance				
- Plant and Machinery	25.83	25.44	114.67	116.18
- Buildings	6.31	8.39	29.56	27.89
- Others	5.83	4.11	20.43	20.77
Selling and marketing expenses	(23.31)	8.47	4.12	36.09
Advertisement, conference and sponsorship fees	120.87	63.72	199.06	116.51
Discount allowed	15.26	(25.84)	76.92	11.78
Computer consumables	1.80	2.65	7.95	7.67
Auditors' remuneration	3.58	2.19	15.75	14.62
Donations	22.97	21.70	80.64	78.10
Books, memberships, subscriptions	15.61	19.00	77.58	73.27
Foreign exchange loss (net)	58.50	-	243.10	-
Directors' sitting fees	1.57	0.98	5.32	3.90
Directors' commission	3.59	2.97	14.21	9.74
Provision for doubtful deposits (refer note 38)	182.50	-	182.50	-
Impairment of non current investments	0.04	(2.06)	13.98	26.96
Miscellaneous expenses	2.99	83.03	168.54	228.01
	1,389.23	**1,090.30**	**5,357.03**	**4,152.68**

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29. Earnings per share

		For the quarter ended		For the year ended	
		March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Numerator for Basic and Diluted EPS					
Net Profit after tax (In ₹ Million)	(A)	844.73	737.06	3,516.79	3,230.88
Denominator for Basic EPS					
Weighted average number of equity shares	(B)	79,772,658	80,000,000	79,943,943	80,000,000
Denominator for Diluted EPS					
Number of equity shares	(C)	79,772,658	80,000,000	79,943,943	80,000,000
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	**10.59**	**9.21**	**43.99**	**40.39**
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	**10.59**	**9.21**	**43.99**	**40.39**

	For the quarter ended		For the year ended	
	March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Number of shares considered as basic weighted average shares outstanding for calculating basic EPS	79,772,658	80,000,000	79,943,943	80,000,000
Add: Effect of dilutive issues of stock options	-	-	-	-
Number of shares considered as weighted average shares and potential shares outstanding for calculating Diluted EPS	79,772,658	80,000,000	79,943,943	80,000,000

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30. Financial assets and liabilities

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

(In ₹ million)

Financial assets/ financial liabilities	Basis of measurement	As at March 31, 2019		As at March 31, 2018		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	
Assets:						
Investments in associates	Equity accounting	-	-	-	-	
Investments in equity instruments, preferred stock and convertible notes	Fair value	214.12	214.12	77.44	77.44	Level 3
Investments in bonds*	Amortised cost	2,156.68	2,120.86	1,146.11	1,139.71	
Investments in mutual funds	Fair value	5,270.44	5,270.44	7,573.80	7,573.80	Level 1
Loans	Amortised cost	171.87	171.87	149.36	149.36	
Deposit with banks and financial institutions	Amortised cost	5,592.38	5,592.38	2,122.27	2,122.27	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	1,741.72	1,741.72	1,345.13	1,345.13	
Trade receivables (net)	Amortised cost	4,923.01	4,923.01	4,847.40	4,847.40	
Unbilled revenue	Amortised cost	1,834.76	1,834.76	1,699.50	1,699.50	
Forward contracts receivables	Fair value	281.27	281.27	42.75	42.75	Level 2
Total		**22,186.25**	**22,150.43**	**19,003.76**	**18,997.36**	
Liabilities:						
Borrowings (including accrued interest)	Amortised cost	16.72	16.72	21.91	21.91	
Trade payables	Amortised cost	1,517.07	1,517.07	1,673.08	1,673.08	
Other financial liabilities (excluding borrowings)	Amortised cost	437.18	437.18	390.97	390.97	
Total		**1,970.97**	**1,970.97**	**2,085.96**	**2,085.96**	

* Fair value includes interest accrued.

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.

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31. Segment Information

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

The Group reorganised itself into three business units from April 1, 2018, which form the operating segments for segment reporting.
The operating segments are:
a. Technology Services
b. Alliance
c. Accelerite (Products)

Accordingly, the corresponding figures for the earlier reporting periods are restated in line with the above reorganization.

(In ₹ Million)

Particulars			Technology Services	Alliance	Accelerite (Products)	Total
Revenue	Quarter ended	Mar-31-2019	5,741.15	2,061.19	516.20	8,318.54
	Quarter ended	Mar-31-2018	5,103.43	1,927.73	494.30	7,525.46
	Year ended	Mar-31-2019	22,018.03	9,759.92	1,881.46	33,659.41
	Year ended	Mar-31-2018	19,371.11	8,725.06	2,240.86	30,337.03
Identifiable expense	Quarter ended	Mar-31-2019	3,401.39	1,511.31	212.05	5,124.75
	Quarter ended	Mar-31-2018	3,030.47	1,445.53	288.62	4,764.62
	Year ended	Mar-31-2019	13,510.36	6,461.91	889.32	20,861.59
	Year ended	Mar-31-2018	11,962.93	6,025.17	1,186.57	19,174.67
Segmental result	Quarter ended	Mar-31-2019	2,339.76	549.88	304.15	3,193.79
	Quarter ended	Mar-31-2018	2,072.96	482.20	205.68	2,760.84
	Year ended	Mar-31-2019	8,507.67	3,298.01	992.14	12,797.82
	Year ended	Mar-31-2018	7,408.18	2,699.89	1,054.29	11,162.36
Unallocable expenses	Quarter ended	Mar-31-2019				2,364.61
	Quarter ended	Mar-31-2018				2,098.22
	Year ended	Mar-31-2019				8,810.98
	Year ended	Mar-31-2018				8,060.76
Operating income	Quarter ended	Mar-31-2019				829.18
	Quarter ended	Mar-31-2018				662.62
	Year ended	Mar-31-2019				3,986.84
	Year ended	Mar-31-2018				3,101.60
Other income (net of expenses)	Quarter ended	Mar-31-2019				283.96
	Quarter ended	Mar-31-2018				320.87
	Year ended	Mar-31-2019				876.55
	Year ended	Mar-31-2018				1,191.01
Profit before taxes	Quarter ended	Mar-31-2019				1,113.14
	Quarter ended	Mar-31-2018				983.49
	Year ended	Mar-31-2019				4,863.39
	Year ended	Mar-31-2018				4,292.61
Tax expense	Quarter ended	Mar-31-2019				268.41
	Quarter ended	Mar-31-2018				246.43
	Year ended	Mar-31-2019				1,346.60
	Year ended	Mar-31-2018				1,061.73
Profit after tax	Quarter ended	Mar-31-2019				844.73
	Quarter ended	Mar-31-2018				737.06
	Year ended	Mar-31-2019				3,516.79
	Year ended	Mar-31-2018				3,230.88

Note: Costs related to research and development are included under identifiable expenses for the purpose of segment reporting.

(In ₹ Million)

Particulars			Technology Services	Alliance	Accelerite (Products)	Total
Segmental trade receivables	As at	Mar-31-2019	3,547.07	1,021.77	354.17	4,923.01
	As at	Mar-31-2018	3,675.96	740.27	431.17	4,847.40
Unallocated assets	As at	Mar-31-2019	-	-	-	23,632.98
	As at	Mar-31-2018	-	-	-	21,860.73

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

Geographical Information

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

(In ₹ Million)

Particulars			India	North America	Rest of the World	Total
Revenue	Quarter ended	Mar-31-2019	642.59	6,729.01	946.94	8,318.54
	Quarter ended	Mar-31-2018	594.89	6,086.20	844.37	7,525.46
	Year ended	Mar-31-2019	2,349.29	27,507.46	3,802.66	33,659.41
	Year ended	Mar-31-2018	1,910.67	25,336.90	3,089.46	30,337.03

The revenue from a single customer in excess of ten percent of total revenue of the Group is ₹ 1,678.21 million for the quarter ended March 31, 2019 (Previous period: ₹ 1,631.08million), ₹ 8,079.32 million for the year ended March 31, 2019 (previous year : ₹ 7,852.92 million).

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32. On July 02, 2015, the Company, through its wholly owned subsidiary Persistent Systems Inc., acquired the entire equity capital of US based Akshat Corporation (d.b.a. RGen Solutions in USA). In addition to the upfront purchase consideration, the stock purchase agreement for additional consideration, contingent upon certain conditions being met in future years. The additional contingent consideration payable to the selling shareholders is subject to a maximum amount of USD 3.75 million. The fair value of the contingent consideration is estimated to be Nil as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.

33. Persistent Systems Inc. (a wholly owned subsidiary of Persistent Systems Limited) acquired Digital Content Management Solution product from the US based Akumina Inc. on November 9, 2015. In addition to the upfront purchase consideration, the asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The additional contingent consideration payable to Akumina Inc., is subject to maximum amount of USD 5.00 million. The fair value of the contingent consideration is estimated to be Nil as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.

34. Persistent Telecom Solutions Inc. (a wholly owned subsidiary of Persistent Systems Inc.) acquired a cloud platform open source software from Citrix on February 28, 2016. In addition to the upfront purchase consideration, the asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The fair value of the contingent consideration is estimated to be Nil as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.

35.

a) On August 24, 2018, Persistent Systems Inc. (a wholly owned subsidiary of Persistent Systems Limited) acquired the entire equity capital of a USA based Company Herald technologies Inc. (referred to as 'Herald').
The Company acquired 100% voting equity interest in Herald through share purchase agreement.

The acquisition would strengthen Persistent's IP led offerings in the healthcare domain and create a number of cross-sell opportunities

b) The amount of consideration is ₹148.50 million which is paid/ payable in cash.
The fair value of assets acquired and liabilities assumed as on the date of acquisition are as follows:

₹ in Million

Particulars	Total
<u>Current Assets</u>	
Cash and & cash equivalents	0.35
Non-current assets	
Property, Plant and Equipment	0.08
Intangible assets under development	148.67
<u>Current liabilities</u>	
Trade and other payables	0.35
Net assets	**148.75**

The gain on bargain purchase arising on acquisition is ₹ 0.25 million.

c) Net cash outflow on acquisition of subsidiaries

Particulars	Amount in ₹ million
Consideration paid/ payable in cash	148.50
Less: cash and cash equivalent balances acquired	(0.35)
	148.15

d) Revenue of Herald is Nil. The loss included is ₹ 10.29 million.

Had the business combination been effected on April 1, 2018, there would have been no change in the revenue and the profit after tax for the year ended March 31, 2019 for the Group.

36. Persistent Systems Limited ("the Holding Company") had received a show cause notice from Commissioner of Service Tax on December 19, 2016 for non-payment of service tax of ₹ 452.15 million under import of services on reverse charge basis, excluding interest and penalty if applicable. The issue relates to the professional and technical services rendered by overseas subsidiaries on behalf of the Holding Company to its overseas customers for the period 2011-12 to 2014-15.

Post representations made by the Holding Company, the Learned Principal Commissioner of Service Tax, Pune, adjudicated the aforesaid show-cause notice and issued an order on May 29, 2017, reducing the demand to ₹ 165.51 million based on the period of limitation and as a result of that, the said demand now covers financial year 2014-15. The Holding 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 Holding Company, based on independent legal opinion obtained in respect of issues related to this matter, believes that the liability is not likely to arise and therefore, no provision is considered necessary in the financial statements. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Holding Company will be eligible to claim credit/refund for the amount paid.

The GST department has filed an appeal on October 11, 2017 with appellate authorities against the Order passed by Learned Principal Commissioner of Service Tax, Pune. Though the GST department has acknowledged the ground of revenue neutrality, the said appeal mainly questions non-application of extended period of limitation. The Holding Company has filed reply to this appeal on December 18, 2017.

Considering the view of the Service Tax Authorities, based on legal advice, and due prudence, the Holding Company has deposited, an amount of ₹ 647.36 million towards service tax in respect of the above matter, for the period from April 01, 2014 to June 30, 2017, under protest.

As on March 31, 2019, the pending litigations in respect of direct taxes amount to ₹ 268.74 million and in respect of indirect taxes amount to ₹ 30.40 million (excluding the show cause received from Commissioner of Service Tax on May 29, 2017 of ₹ 173.78 million under import of services on reverse charge basis as mentioned above). Based on the advice obtained and judgments in favour of the Company at the first appellate authority in the earlier years, management does not expect any outflow in respect of these litigations.

37. Persistent Systems Inc., subsidiary of Persistent Systems Limited, has given a guarantee of € 30.00 million (Previous year: € 10.00 million to Tech Data Europe GmbH & its Affiliates towards trade payable of Persistent Systems Inc & its Affiliates.

Persistent Systems Ltd has given a guarantee of $ 15.17 million on behalf of Persistent Systems Inc. (Previous year: $ 15.17 million).

38. As reported in the previous quarters, Persistent Systems Limited ("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 are due for maturity from January 2019 to June 2019, of which ₹ 345 million are overdue as on March 31, 2019. The Group has not accrued any interest on these deposits since April 1, 2018. The amount due till March 31, 2019 and interest due have not been received as on date. In view of the uncertainty prevailing with respect to recovery of outstanding balances from IL&FS Group, Management of the Parent Company has provided an amount of ₹ 182.50 million for impairment in value of deposits as of March 31, 2019. The provision currently reflects the exposure that may arise given the uncertainty. With the resolution plan in progress, the Management of the Parent Company 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.

39. Previous period's / year's figures have been regrouped where necessary to conform to current period's classification for segment disclosure.

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

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