Persistent

NSE & BSE / 2020-21 / 73
October 24, 2020

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

Ref: Symbol: PERSISTENT

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

Ref: Scrip Code: 533179

Dear Sir/Madam,

Sub: Audited Financial Statements for the quarter and half year ended September 30, 2020

We wish to inform you that the Board of Directors at its meeting held on October 21, 2020, October 22, 2020, October 23, 2020 and concluded on October 24, 2020 through tele-conferencing, has approved the Audited Financial Statements for the quarter and half year ended September 30, 2020.

Accordingly, please find enclosed the following documents:

1. Audited Consolidated Financial Statements for the quarter and half year ended September 30, 2020;
2. Audited Unconsolidated Financial Statements for the quarter and half year ended September 30, 2020.

Please acknowledge the receipt.

Thanking you,

Yours Sincerely,
For **Persistent Systems Limited**

Amit Atre

Amit Atre
Company Secretary
ICSI Membership No.: A20507

Encl: As above

Walker Chandiok & Co LLP
11th floor, Tower II,
One International Center,
SB Marg, Prabhadevi (W)
Mumbai – 400 013
India

T +91 22 6626 2699
F +91 22 6626 2601

Independent Auditor's Report

To the Members of Persistent Systems Limited

Report on the Audit of the Condensed Interim Consolidated Financial Statements

Opinion

1. We have audited the accompanying condensed interim consolidated financial statements of **Persistent Systems Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associate as listed in Annexure 1 , which comprise the Condensed interim consolidated Balance Sheet as at 30 September 2020, the Condensed interim consolidated Statement of Profit and Loss (including Other Comprehensive Income) for the quarter and half year ended 30 September 2020, the Condensed interim consolidated Cash Flow Statement and the Condensed interim consolidated Statement of Changes in Equity for the half year ended 30 September 2020, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate condensed interim financial statements and on the other financial information of the subsidiaries, the aforesaid condensed interim consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including in accordance with Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34') specified under Section 133 of the Act, of the consolidated state of affairs of the Group and its associate as at 30 September 2020, and its consolidated profit (including other comprehensive income) for the quarter and half year ended 30 September 2020, its consolidated cash flows and the consolidated changes in equity for the half year ended 30 September 2020.

Basis for Opinion

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

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiok & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

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

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

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

6. The Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and its associate.

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

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

8. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Group and its associate have in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.

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

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

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

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

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

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

Other Matters

11. We did not audit the condensed interim financial statements of fifteen subsidiaries, whose condensed interim financial statements (before eliminating inter company balances/transactions) reflect total assets of ₹ 4,649.42 million and net assets of ₹ 1,527.02 million as at 30 September 2020, total revenues of ₹ 2,609.82 million and net cash outflows amounting to ₹ 11.00 million for the half year ended on that date, as considered in the condensed interim consolidated financial statements. These condensed interim financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the condensed interim consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

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

12. The condensed interim consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ Nil for the half year ended 30 September 2020, as considered in the condensed interim consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These condensed interim financial statements are unaudited and have been furnished to us by the management and our opinion on the condensed interim consolidated financial statements, in so far as it relates to the aforesaid associate is based solely on such unaudited condensed interim financial statements. In our opinion and according to the information and explanations given to us by the management, these condensed interim financial statements are not material to the Group and its associate.

    Our opinion above on the condensed interim consolidated financial statements, is not modified in respect of the above matter with respect to our reliance on the financial statements certified by management.

13. The condensed interim consolidated financial statements of the Group for the quarter ended 30 June 2019 were audited by the predecessor auditor, Deloitte Haskins & Sells LLP, who have expressed an unmodified opinion on these condensed interim consolidated financial statements vide their audit report dated 25 July 2019. Our opinion is not modified in respect of this matter.

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

BHARAT KOCHU SHETTY
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Date: 2020.10.24 20:47:44 +05'30'

Bharat Shetty
Partner
Membership No:106815

UDIN:20106815AAAAEZ8143

Place: Mumbai
Date: 24 October 2020

Annexure 1

List of entities included

Sr. No.	Name of Entity	Relationship
1	Persistent Systems Limited (PSL)	Holding Company
2	Persistent Systems, Inc. (PSI)	Wholly owned subsidiary of PSL
3	Persistent Systems Pte Ltd.	Wholly owned subsidiary of PSL
4	Persistent Systems France SAS	Wholly owned subsidiary of PSL
5	Persistent Systems Malaysia Sdn. Bhd.	Wholly owned subsidiary of PSL
6	Persistent Systems Germany GmbH (PSGG)	Wholly owned subsidiary of PSL
7	Persistent Telecom Solutions Inc.	Wholly owned subsidiary of PSI
8	Valista Limited (VL) (Dissolved w.e.f. 24 June 2020)	Wholly owned subsidiary of AGL
9	Aepona Group Limited (AGL)	Wholly owned subsidiary of PSI
10	Aepona Limited	Wholly owned subsidiary of AGL
11	Youperience GmbH (YGmbH)	Wholly owned subsidiary of PSGG
12	Youperience Limited	Wholly owned subsidiary of YGmbH
13	Persistent Systems Lanka (Private) Limited	Wholly owned subsidiary of AGL
14	Persistent Systems Mexico, S.A. de C.V.	Wholly owned subsidiary of PSI
15	Persistent Systems Israel Ltd	Wholly owned subsidiary of PSI
16	PARX Werk AG	Wholly owned subsidiary of PSGG
17	PARX Consulting GmbH	Wholly owned subsidiary of PARX Werk AG
18	Klisma e-Services Private Limited	Associate Company of PSL

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Persistent Systems Limited

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2020

	Notes	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
ASSETS				
Non-current assets				
Property, plant and equipment	6.1	2,194.48	2,338.71	2,224.60
Capital work-in-progress		24.84	6.34	166.18
Right of use assets	6.2	642.25	662.30	566.81
Goodwill	6.3	86.70	90.06	88.94
Other Intangible assets	6.4	1,365.41	1,819.07	1,434.93
Intangible assets under development		-	142.50	137.20
		4,313.68	**5,058.98**	**4,618.66**
Financial assets				
- Investments	7	3,882.21	3,658.58	4,620.97
- Loans	8	150.72	168.24	200.41
- Other non-current financial assets	9	143.66	355.45	358.93
Deferred tax assets (net)	10	1,031.30	613.16	960.08
Other non-current assets	11	324.72	370.26	331.31
		9,846.29	**10,224.67**	**11,090.36**
Current assets				
Financial assets				
- Investments	12	4,933.32	1,522.23	5,164.77
- Trade receivables (net)	13	5,776.88	5,049.74	5,921.96
- Cash and cash equivalents	14	1,297.50	1,350.67	1,899.99
- Other bank balances	15	6,675.93	5,734.38	2,672.19
- Loans	16	63.56	12.30	13.71
- Other current financial assets	17	2,151.83	2,357.40	2,068.54
Current tax assets (net)		165.77	134.70	163.93
Other current assets	18	1,709.39	1,747.72	1,926.24
		22,774.18	**17,909.14**	**19,831.33**
TOTAL		**32,620.47**	**28,133.81**	**30,921.69**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	5	764.25	764.25	764.25
Other equity		24,927.49	22,293.43	23,093.30
		25,691.74	**23,057.68**	**23,857.55**
LIABILITIES				
Non- current liabilities				
Financial liabilities				
- Lease liabilities	20	438.24	477.54	353.36
- Borrowings	19	45.52	10.61	46.22
Provisions	21	254.12	186.98	182.79
		737.88	**675.13**	**582.37**
Current liabilities				
Financial liabilities				
- Lease liabilities	20	295.84	305.76	309.06
- Trade payables [dues of micro and small enterprises ₹ 8.38 million (Corresponding period: ₹1.34 million/ Previous year: ₹ 5.15 million)]	22	2,517.90	1,403.84	2,247.09
- Other financial liabilities	23	154.78	449.07	862.34
Other current liabilities	24	1,103.10	1,006.65	1,320.13
Provisions	25	1,793.34	1,235.68	1,610.99
Current tax liabilities (net)		325.89	-	132.16
		6,190.85	**4,401.00**	**6,481.77**
TOTAL		**32,620.47**	**28,133.81**	**30,921.69**
Summary of significant accounting policies	4			

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

As per our report of even date

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

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

BHARAT KOCHU SHETTY
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Date: 2020.10.24 20:48:27 +05'30'

Anand Deshpande

Praveen Purushottam Kadle (Oct 24, 2020 12:45 GMT+5.5)

Bharat Shetty
Partner
Membership No. :- 106815

Dr. Anand Deshpande
Chairman and
Managing Director
DIN: 00005721

Praveen Kadle
Independent Director
DIN: 00016814

Amit Atre
Amit Atre (Oct 24, 2020 10:21 GMT+5.5)

Sunil Sapre
Sunil Sapre (Oct 24, 2020 11:03 GMT+5.5)

Amit Atre
Company Secretary
Membership No. A20507

Sunil Sapre
Executive Director and
Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date : October 24, 2020

Place: Pune
Date : October 24, 2020

Place: Mumbai
Date : October 24, 2020

Persistent Systems Limited

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2020

	Notes	For the quarter ended		For the half year ended		For the year ended
		September 30, 2020 In ₹ Million	September 30, 2019 In ₹ Million	September 30, 2020 In ₹ Million	September 30, 2019 In ₹ Million	March 31, 2020 In ₹ Million
Income						
Revenue from operations (net)	26	10,077.47	8,846.00	19,991.32	17,167.14	35,658.08
Other income	27	164.97	382.46	377.24	682.82	1,323.77
Total income (A)		**10,242.44**	**9,228.46**	**20,368.56**	**17,849.96**	**36,981.85**
Expenses						
Employee benefits expense	28.1	6,096.84	5,369.71	11,881.91	10,285.96	21,556.40
Cost of professionals	28.2	1,351.40	897.18	2,701.87	1,757.00	3,918.94
Finance costs (refer note 35)		14.20	18.38	28.36	36.88	63.32
Depreciation and amortization expense	6.5	439.79	425.06	875.40	811.38	1,659.62
Other expenses	29	965.10	1,362.50	2,285.47	2,705.50	5,260.15
Total expenses (B)		**8,867.33**	**8,072.83**	**17,773.01**	**15,596.72**	**32,458.43**
Profit before tax (A - B)		**1,375.11**	**1,155.63**	**2,595.55**	**2,253.24**	**4,523.42**
Tax expense						
Current tax		436.17	289.72	866.93	640.27	1,354.70
Tax (credit) / charge in respect of earlier period / year		(0.87)	(1.37)	7.43	(1.37)	52.55
Deferred tax (credit) / charge		(80.05)	6.56	(198.75)	(71.08)	(286.72)
Total tax expense		**355.25**	**294.91**	**675.61**	**567.82**	**1,120.53**
Net profit for the period / year (C)		**1,019.86**	**860.72**	**1,919.94**	**1,685.42**	**3,402.89**
Other comprehensive income						
Items that will not be reclassified to profit and loss (D)						
- Remeasurements of the defined benefit asset / (liabilities) (net of tax)		8.71	(10.03)	17.95	(36.40)	(34.80)
		8.71	**(10.03)**	**17.95**	**(36.40)**	**(34.80)**
Items that may be reclassified to profit and loss (E)						
- Effective portion of cash flow hedge (net of tax)		191.01	(124.71)	340.99	(147.90)	(429.15)
- Exchange differences in translating the financial statements of foreign operations		(532.06)	83.04	(455.01)	82.41	323.15
		(341.05)	**(41.67)**	**(114.02)**	**(65.49)**	**(106.00)**
Total other comprehensive income for the period / year (D) + (E)		**(332.34)**	**(51.70)**	**(96.07)**	**(101.89)**	**(140.80)**
Total comprehensive income for the period / year (C) + (D) + (E)		**687.52**	**809.02**	**1,823.87**	**1,583.53**	**3,262.09**
Earnings per equity share [Nominal value of share ₹10 (Corresponding period / Previous year: ₹10)]	30					
Basic (In ₹)		13.34	11.26	25.12	21.90	44.38
Diluted (In ₹)		13.34	11.26	25.12	21.90	44.38
Summary of significant accounting policies	4					

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

As per our report of even date

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

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

BHARAT KOCHU SHETTY
Digitally signed by BHARAT KOCHU SHETTY
Date: 2020.10.24 20:48:53 +05'30'

Anand Deshpande

Praveen Purushottam Kadle (Oct 24, 2020 12:45 GMT+5.5)

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Partner
Membership No. :- 106815

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Managing Director
DIN: 00005721

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Independent Director
DIN: 00016814

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Company Secretary
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Sunil Sapre
Executive Director and
Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date : October 24, 2020

Place: Pune
Date : October 24, 2020

Place: Mumbai
Date : October 24, 2020

Persistent Systems Limited

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020

		For the half year ended		For the year ended
		September 30, 2020	September 30, 2019	March 31, 2020
		In ₹ Million	In ₹ Million	In ₹ Million
Cash flow from operating activities				
Profit before tax		**2,595.55**	**2,253.24**	**4,523.42**
Adjustments for:				
Interest income		(256.86)	(279.52)	(545.28)
Finance costs		28.36	36.88	63.32
Dividend income		-	(13.95)	(13.98)
Depreciation and amortization expense		875.40	811.38	1,659.62
Unrealised exchange loss / (gain) (net)		116.66	(12.80)	(131.29)
Change in foreign currency translation reserve		(487.82)	99.34	119.30
Exchange (gain) / loss on derivative contracts		(66.75)	(61.47)	58.51
Exchange loss / (gain) on translation of foreign currency cash and cash equivalents		18.51	(8.37)	(46.77)
Provision for doubtful receivables (net)		105.62	29.73	83.86
Employee stock compensation expenses		107.24	93.36	236.79
Provision for doubtful deposits and advances		-	150.00	248.48
Provision for diminution in value of investments		18.74	-	-
Remeasurements of the defined benefit liabilities / asset (before tax effects)		27.39	(49.10)	(46.14)
Excess provision in respect of earlier periods / years written back		(6.57)	(4.60)	(6.95)
Loss / (Gain) on fair valuation of assets designated at FVTPL		174.19	20.47	(119.02)
Profit on sale of investments (net)		(377.56)	(144.17)	(164.81)
(Profit) / Loss on sale of Property, plant and equipment (net)		(3.65)	(0.50)	5.96
Operating profit before working capital changes		**2,868.45**	**2,919.92**	**5,925.02**
Movements in working capital :				
Increase in non-current and current loans		(0.16)	(5.14)	(14.44)
Increase in other non current assets		(5.83)	(338.58)	(235.30)
Decrease / (Increase) in other current financial assets		51.25	(413.07)	(232.15)
Decrease / (Increase) in other current assets		216.85	(356.30)	(559.10)
Decrease / (Increase) in trade receivables		(45.56)	(67.05)	(894.77)
(Decrease) / Increase in trade payables, current liabilities and non current liabilities		(263.11)	(260.22)	939.04
Increase / (Decrease) in provisions		253.68	(516.49)	(145.37)
Operating profit after working capital changes		**3,075.57**	**963.07**	**4,782.93**
Direct taxes paid (net of refunds)		(691.91)	(661.49)	(1,328.27)
Net cash generated from operating activities	**(A)**	**2,383.66**	**301.58**	**3,454.66**
Cash flows from investing activities				
Payment towards capital expenditure (including intangible assets)		(451.63)	(429.11)	(758.39)
Proceeds from sale of property, plant and equipment		7.96	9.79	12.68
Acquisition of step-down subsidiary including cash and cash equivalents of ₹ 37.35 million in Previous year		-	(435.48)	(435.48)
Purchase of bonds		(520.48)	(171.48)	(901.61)
Proceeds from sale/ maturity of bonds		172.84	330.38	819.87
Sale proceeds of non-current investments		-	25.22	25.22
Investments in mutual funds		(11,815.87)	(7,780.50)	(19,456.95)
Proceeds from sale / maturity of mutual funds		13,358.42	10,212.14	17,670.49
(Investments) / maturity of bank deposits having original maturity over three months		(3,738.15)	(992.95)	2,108.15
Maturity of deposits with financial institutions		-	250.00	250.00
Interest received		160.38	326.08	503.60
Dividends received		-	13.95	13.98
Net cash (used in)/ generated from investing activities	**(B)**	**(2,826.53)**	**1,358.04**	**(148.44)**
Cash flows from financing activities				
Repayment of long term borrowings		(3.18)	(3.21)	(4.62)
Payment of lease liabilities		(145.25)	(139.30)	(287.70)
Shares bought back		-	(1,677.01)	(1,677.01)
Loan received as a part of COVID-19 relief measures		-	-	39.14
Specific project related grant received		9.00	3.00	3.00
Interest paid		(0.35)	(0.33)	(2.09)
Dividends paid		(1.33)	(229.28)	(1,146.38)
Tax on dividend paid		-	(47.99)	(154.14)
Net cash used in financing activities	**(C)**	**(141.11)**	**(2,094.12)**	**(3,229.80)**

Persistent Systems Limited

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020

	For the half year ended		For the year ended
	September 30, 2020	September 30, 2019	March 31, 2020
	In ₹ Million	In ₹ Million	In ₹ Million
Net (decrease) / increase in cash and cash equivalents (A + B + C)	(583.98)	(434.50)	76.42
Cash and cash equivalents at the beginning of the period / year	1,899.99	1,739.45	1,739.45
Cash and cash equivalents acquired on acquisition	-	37.35	37.35
Effect of exchange difference on translation of foreign currency cash and cash equivalents	(18.51)	8.37	46.77
Cash and cash equivalents at the end of the period / year	**1,297.50**	**1,350.67**	**1,899.99**
Components of cash and cash equivalents			
Cash on hand (refer note 14)	0.21	0.28	0.24
Balances with banks			
On current accounts* (refer note 14)	1,105.90	1,162.76	1,566.06
On saving accounts (refer note 14)	0.48	0.60	0.36
On Exchange Earner's Foreign Currency accounts (refer note 14)	169.91	187.03	261.86
On deposit accounts with original maturity less than three months (refer note 14)	21.00	-	71.47
Cash and cash equivalents	**1,297.50**	**1,350.67**	**1,899.99**

* Out of the cash and cash equivalent balance as at September 30, 2020, the Group can utilise ₹ 0.12 Million (Corresponding period: ₹ 5.14 Million / Previous year: ₹ 6.62 Million) only towards research and development activities specified in the agreement.

Summary of significant accounting policies - refer note 4

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

As per our report of even date

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

BHARAT KOCHU SHETTY

Digitally signed by BHARAT KOCHU SHETTY
Date: 2020.10.24 20:49:18 +05'30'

Bharat Shetty
Partner
Membership No. :- 106815

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

Anand Deshpande

Praveen Purushottam Kadle (Oct 24, 2020 12:45 GMT+5.5)

Dr. Anand Deshpande
Chairman and
Managing Director
DIN: 00005721

Praveen Kadle
Independent Director
DIN: 00016814

Amit Atre
Amit Atre (Oct 24, 2020 10:21 GMT+5.5)

Sunil Sapre
Sunil Sapre (Oct 24, 2020 11:03 GMT+5.5)

Amit Atre
Company Secretary
Membership No. A20507

Sunil Sapre
Executive Director and
Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date : October 24, 2020

Place: Pune
Date : October 24, 2020

Place: Mumbai
Date : October 24, 2020

Persistent Systems Limited

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020

A. Share capital
(refer note 5)

(In ₹ Million)

Balance as at April 1, 2020	Changes in equity share capital during the period	Balance as at September 30, 2020
764.25	-	764.25

(In ₹ Million)

Balance as at April 1, 2019	Changes in equity share capital during the period (refer note 5d)	Balance as at September 30, 2019
791.19	(26.94)	764.25

(In ₹ Million)

Balance as at April 1, 2019	Changes in equity share capital during the year (refer note 5d)	Balance as at March 31, 2020
791.19	(26.94)	764.25

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Persistent Systems Limited

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020

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, 2020	-	12,227.41	290.51	57.71	35.75	49.95	10,087.74	(244.09)	588.32	23,093.30
Net profit for the period	-	-	-	-	-	-	1,919.94	-	-	1,919.94
Other comprehensive income for the period	-	-	-	-	-	-	17.95	340.99	(455.01)	(96.07)
Employee stock compensation expenses	-	-	107.24	-	-	-	-	-	-	107.24
Adjustments towards employees stock options	-	-	(95.46)	-	-	-	-	-	-	(95.46)
Other changes during the period	-	-	-	(1.46)	-	-	-	-	-	(1.46)
Balance at September 30, 2020	**-**	**12,227.41**	**302.29**	**56.25**	**35.75**	**49.95**	**12,025.63**	**96.90**	**133.31**	**24,927.49**

(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, 2019	774.10	10,565.95	76.29	52.71	8.81	70.00	10,657.52	185.06	265.17	22,655.61
Net profit for the period	-	-	-	-	-	-	1,685.42	-	-	1,685.42
Other comprehensive income for the period	-	-	-	-	-	-	(36.40)	(147.90)	82.41	(101.89)
Transfer to capital redemption reserve	-	-	-	-	26.94	-	(26.94)	-	-	-
Transitional impact on adoption of Ind AS 116 (net of taxes)	-	-	-	-	-	-	(123.60)	-	-	(123.60)
Dividend	-	-	-	-	-	-	(229.28)	-	-	(229.28)
Tax on dividend	-	-	-	-	-	-	(47.99)	-	-	(47.99)
Employee stock compensation expenses	-	-	93.36	-	-	-	-	-	-	93.36
Adjustments towards employees stock options	-	25.61	(25.61)	-	-	-	-	-	-	-
Utilised towards buy back of shares (refer note 5d)	(774.10)	-	-	-	-	-	(875.97)	-	-	(1,650.07)
Other changes during the period	-	-	0.23	11.64	-	-	-	-	-	11.87
Balance at September 30, 2019	**-**	**10,591.56**	**144.27**	**64.35**	**35.75**	**70.00**	**11,002.76**	**37.16**	**347.58**	**22,293.43**

(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, 2019	774.10	10,565.95	76.29	52.71	8.81	70.00	10,657.52	185.06	265.17	22,655.61
Net profit for the year	-	-	-	-	-	-	3,402.89	-	-	3,402.89
Other comprehensive income for the period	-	-	-	-	-	-	(34.80)	(429.15)	323.15	(140.80)
Transfer to capital redemption reserve	-	-	-	-	26.94	-	(26.94)	-	-	-
Transitional impact on adoption of Ind AS 116 (net of taxes)	-	-	-	-	-	-	(123.60)	-	-	(123.60)
Dividend	-	-	-	-	-	-	(1,146.38)	-	-	(1,146.38)
Tax on dividend	-	-	-	-	-	-	(154.14)	-	-	(154.14)
Transfer from Special Economic Zone re-investment reserve	-	-	-	-	-	(20.05)	20.05	-	-	-
Transfer to general reserve	-	1,630.89		-	-	-	(1,630.89)	-	-	-
Employee stock compensation expenses	-	-	236.79	-	-	-	-	-	-	236.79
Adjustments towards employees stock options	-	25.61	(25.61)	-	-	-	-	-	-	-
Utilised towards buy back of shares (refer note 5d)	(774.10)	-	-	-	-	-	(875.97)	-	-	(1,650.07)
Other changes during the year	-	4.96	3.04	5.00	-	-	-	-	-	13.00
Balance at March 31, 2020	**-**	**12,227.41**	**290.51**	**57.71**	**35.75**	**49.95**	**10,087.74**	**(244.09)**	**588.32**	**23,093.30**

Summary of significant accounting policies - refer note 4

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

As per our report of even date

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

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

BHARAT KOCHU SHETTY Digitally signed by BHARAT KOCHU SHETTY Date: 2020.10.24 20:49:45 +05'30'

Bharat Shetty
Partner
Membership No. :- 106815

Anand Deshpande

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Praveen Purushottam Kadle (Oct 24, 2020 12:45 GMT+5.5)

Praveen Kadle
Independent Director
DIN: 00016814

Amit Atre
Amit Atre (Oct 24, 2020 10:21 GMT+5.5)

Amit Atre
Company Secretary
Membership No. A20507

Sunil Sapre
Sunil Sapre (Oct 24, 2020 11:03 GMT+5.5)

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date : October 24, 2020

Place: Pune
Date : October 24, 2020

Place: Mumbai
Date : October 24, 2020

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020

Nature and purpose of reserves

a) Securities premium

Securities premium 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 upon 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 accordance with 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 said transaction occurs / hedging instruments are cancelled.

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. The amount is transferred to retained earnings upon disposal of investment in foreign operation.

1. Nature of operations

Persistent Systems Limited (the “Parent Company” or “PSL”) is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The 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.

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

Aepona Holdings Limited has been dissolved with effect from October 24, 2019. Persistent Systems, Inc., its holding Company, took over all the assets and liabilities of Aepona Holdings Limited on the date of dissolution.

Aepona Group Limited, an Ireland based wholly owned subsidiary of Persistent Systems, Inc. (previously owned by 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 has been dissolved with effect from June 24, 2020. Aepona Group Limited, its holding Company, took over all the assets and liabilities of Valista Limited on the date of dissolution.

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. The Company is specializing in software development.

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., was working on implementation of platforms and related IT services for the healthcare industry.

Herald Technologies Inc. has been dissolved with effect from June 24, 2019. Persistent Systems, Inc., its holding Company, took over all the assets and liabilities of Herald Technologies, Inc. on the date of dissolution.

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

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

Klisma e-Services Private Limited is engaged in the business of internet, telecommunications, mobile technology and other media enabling electronic commerce. The Company is under liquidation.

2. Basis of preparation

The condensed interim consolidated financial statements of the Group have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments, equity settled employee stock options and initial recognition of assets acquired under business combinations which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange of 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 condensed interim consolidated 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 (the "Act").

3. Principles of consolidation

The condensed interim consolidated financial statements of the Parent Company and its subsidiaries ("the Group") for the half year ended September 30, 2020 are prepared in accordance with generally accepted accounting principles applicable in India, and the Indian Accounting Standard, 110 (Ind AS 110) on 'Consolidated Financial Statements', notified by Companies (Accounting Standards) Rules, 2015, ("Indian Accounting Standards") by and to the extent possible in the same format as that adopted by the Parent Company for its separate financial statements.

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

The condensed interim consolidated financial statements of the Parent 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 condensed interim 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 condensed interim consolidated financial statements. The excess of the Company's portion of equity of the acquired Company over its cost is treated as gain on bargain purchase in the condensed interim consolidated financial statements. Goodwill arising on consolidation is not amortized. It is tested for impairment on a periodic basis and written off if found impaired.

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

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The subsidiary and associate companies considered in condensed interim consolidated financial statements are as follows:

Name of the subsidiary/ associate	Ownership Percentage as at			Country of incorporation
	September 30, 2020	September 30, 2019	March 31, 2020	
Persistent Systems, Inc.	100%	100%	100%	USA
Persistent Systems Pte Ltd.	100%	100%	100%	Singapore
Persistent Systems France SAS	100%	100%	100%	France
Persistent Telecom Solutions Inc.	100%	100%	100%	USA
Persistent Systems Malaysia Sdn. Bhd.	100%	100%	100%	Malaysia
Aepona Holdings Limited (Dissolved with effect from October 24, 2019)	-	100%	-	Ireland
Aepona Group Limited	100%	100%	100%	Ireland
Aepona Limited	100%	100%	100%	UK
Valista Limited (Dissolved with effect from June 24, 2020)	-	100%	100%	Ireland
Persistent Systems Lanka (Private) Limited	100%	100%	100%	Sri Lanka
Persistent Systems Mexico, S.A. de C.V.	100%	100%	100%	Mexico
Persistent Systems Israel Ltd.	100%	100%	100%	Israel
Persistent Systems Germany GmbH	100%	100%	100%	Germany
PARX Werk AG	100%	100%	100%	Switzerland
PARX Consulting GmbH	100%	100%	100%	Germany
Youperience GmbH	100%	-	100%	Germany
Youperience Limited	100%	-	100%	United Kingdom
Klisma e-Services India Pvt. Ltd. (in liquidation)	50%	50%	50%	India

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4. Summary of significant accounting policies

(a) Use of estimates

The preparation of the condensed interim 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.

Estimation of uncertainties relating to the global health pandemic, COVID-19:

The Group has evaluated likely impact of COVID - 19 on the overall business of the Group. Though it is too early to estimate the same in view of the volatility in the global economic condition pursuant to this pandemic; the Group as at the date of the approval of these condensed interim consolidated financial statements, has used various available sources of information to analyse the carrying amount of its financial assets and exposures. The impact of COVID - 19 on the Group's condensed interim consolidated financial statements may differ from the estimate as on the date of the approval of the condensed interim consolidated financial statements.

Expected credit loss:

The Group has considered the current and anticipated future economic conditions relating to the industries the Group deals with and the countries where it operates. In calculating expected credit loss, the Group has also considered related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic, COVID -19 using the forward looking approach prescribed by Ind AS 109.

Impact on unhedged foreign currency exposure:

Based on its assessment, the Group believes that the probability of occurrence of its forecasted transaction are not likely to be impacted by COVID - 19. Hence, the Group continues to believe that there is no foreseeable impact the effectiveness of its cash flow hedges due to this global pandemic.

Carrying value of financial instruments:

Investments in mutual funds are classified as "Level 1" having fair value marked to an active market which factors in the uncertainties arising out of COVID – 19. These financial assets are mainly investments in liquid securities and no material permanent decline in their carrying value are expected.

Impact on revenue:

The Group continues to re-evaluate the probable revenues from customers in various verticals to assess any possible drops in revenue from any of these verticals due to the economic stress caused by COVID - 19. Accordingly, it is of the opinion that the customers could re-prioritise their discretionary spend in immediate future to conserve resources.

The impact assessment of COVID - 19 is a continuing process given the uncertainties associated with its nature and duration. The Group has considered the same to the extent known currently and has taken steps to measure the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays and costs in meeting its obligations.

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 revenue share at pre-defined percentage of customer revenue and bearing in mind, the time gap between the close of the accounting period and availability of the revenue report from the customer, the Group is required to use its judgement to ascertain the income from 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 of the amount required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates of the amount required.

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 these intangible assets as recoverable

viii. Leases

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

(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

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- Fair values of the assets transferred;
- Liabilities incurred to the former owners of the acquired business;
- Equity interests issued by the Group; and
- Fair value of any asset or liability resulting from a contingent consideration arrangement.

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

Acquisition-related costs are expensed as incurred.

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

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

(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 period / 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 ranging from 3 to 6 years 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 the statement of profit and 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 the statement of profit and 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 the statement of profit and loss.

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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 the statement of profit and 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 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 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 the statement of profit and 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 assets 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 and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

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

(j) Leases

The Group's lease asset classes primarily consist of leases for land and office premises. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

Where the Group is a lessee

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

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

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

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.
The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate.

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

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

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

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

Group as a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income over the lease term.

(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

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

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

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 Services Tax, 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 condensed interim consolidated 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 Parent Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the 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 Parent Company has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by Persistent Systems Limited and Persistent Systems Lanka (Private) Limited for their employees covered under Group's 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 the statement of profit and loss subsequently.

(iii) Superannuation

Superannuation is a defined contribution plan covering eligible employees of the Parent Company. 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 beyond 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.

(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.

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 period / 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.

(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 condensed interim consolidated 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 / year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period/ year, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

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

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

(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.

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

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5. Share capital

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Authorized shares (No. in million)			
200 (Corresponding period/ Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00	2,000.00
	2,000.00	**2,000.00**	**2,000.00**
Issued, subscribed and fully paid-up shares (No. in million)			
76.43 (Corresponding period/ Previous year: 76.43 equity shares of ₹ 10 each) equity shares of ₹ 10 each	764.25	764.25	764.25
Issued, subscribed and fully paid-up share capital	**764.25**	**764.25**	**764.25**

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 September 30, 2020		As at September 30, 2019		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Number of shares at beginning of the period / year	76.43	764.25	79.12	791.19	79.12	791.19
Less: Shares bought back	-	-	2.69	26.94	2.69	26.94
Number of shares at the end of the period / year	**76.43**	**764.25**	**76.43**	**764.25**	**76.43**	**764.25**

b) Terms / rights attached to equity shares

The Group has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividends in Indian rupees.

The Parent Company declares and pays dividends in Indian rupees. The Finance Act, 2020 in India has repealed Dividend Distribution Tax (DDT). The Companies are now required to pay/ distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates as per Finance Act, 2020.

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

(Nos.in Million)

	For the period of five years ended September 30, 2020 No in Million	For the period of five years ended September 30, 2019 No in Million	For the period of five years ended March 31, 2020 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	3.575	3.575	3.575

d) Buyback of Equity Shares of the Parent Company:

The Board of Directors, at its meeting in January 2019, had 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 buyback was offered to all eligible equity shareholders of the Parent Company (other than the Promoters, the Promoter Group and Persons in Control of the Group) under the open market route through the stock exchanges. The buyback of equity shares through the stock exchange commenced on February 8, 2019 and was completed on June 27, 2019. During this buyback period the Parent Company had purchased and extinguished a total of 3,575,000 equity shares from the stock exchange at an average buy back price of ₹628.93/- per equity share comprising 4.47% of the pre buyback paid-up equity share capital of the Parent Company. The buyback resulted in a cash outflow of ₹2,248.42 million (excluding transaction costs). The Parent Company funded the buyback from utilization of its securities premium and free reserves. The total number of equity shares outstanding as on date post buyback stands at 76,425,000.

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

Name of the shareholder*	**As at September 30, 2020**		**As at September 30, 2019**		**As at March 31, 2020**	
	No. in million	**% Holding**	**No. in million**	**% Holding**	**No. in million**	**% Holding**
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.95	30.04	22.95	30.04	22.95	30.04
Schemes of HDFC Mutual Fund	5.79	7.58	3.75	4.91	6.53	8.54

* 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, 2020	221.37	2,452.04	2,457.77	93.20	1,399.41	45.92	693.12	7.24	7,370.07
Additions	-	0.54	144.68	5.94	17.22	-	30.59	-	198.97
Disposals	-	-	11.92	-	4.99	0.33	0.90	-	18.14
Effect of foreign currency translation from functional currency to reporting currency	0.64	2.82	(15.45)	(1.03)	0.15	0.57	(0.91)	-	(13.21)
As at September 30, 2020	**222.01**	**2,455.40**	**2,575.08**	**98.11**	**1,411.79**	**46.16**	**721.90**	**7.24**	**7,537.69**
Accumulated Depreciation									
As at April 1, 2020	-	1,083.58	2,092.05	80.57	1,206.20	35.51	643.51	4.05	5,145.47
Charge for the period	-	49.68	119.96	4.33	27.70	3.01	19.44	0.46	224.58
Disposals	-	-	7.87	-	4.95	0.25	0.76	-	13.83
Effect of foreign currency translation from functional currency to reporting currency	-	0.95	(13.25)	(0.32)	0.42	0.34	(1.15)	-	(13.01)
As at September 30, 2020	**-**	**1,134.21**	**2,190.89**	**84.58**	**1,229.37**	**38.61**	**661.04**	**4.51**	**5,343.21**
Net block									
As at September 30, 2020	**222.01**	**1,321.19**	**384.19**	**13.53**	**182.42**	**7.55**	**60.86**	**2.73**	**2,194.48**
As at March 31, 2020	**221.37**	**1,368.46**	**365.72**	**12.63**	**193.21**	**10.41**	**49.61**	**3.19**	**2,224.60**

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, 2019	220.47	2,447.72	2,441.59	89.63	1,408.24	94.23	679.87	8.44	7,390.19
Additions	-	0.30	192.34	0.41	25.87	-	8.52	-	227.44
Additions through business combination	-	-	5.23	-	0.06	-	-	-	5.29
Disposals	-	-	292.62	0.03	12.46	45.29	7.03	-	357.43
Effect of foreign currency translation from functional currency to reporting currency	(0.05)	(0.27)	1.58	0.88	0.82	(1.03)	3.29	-	5.22
As at September 30, 2019	**220.42**	**2,447.75**	**2,348.12**	**90.89**	**1,422.53**	**47.91**	**684.65**	**8.44**	**7,270.71**
Accumulated depreciation									
As at April 1, 2019	-	983.41	2,160.36	70.13	1,166.93	76.58	597.31	4.23	5,058.95
Additions through business combination	-	-	1.69	-	0.06	-	-	-	1.75
Charge for the period	-	49.45	107.89	4.35	38.87	3.35	21.51	0.55	225.97
Disposals	-	-	292.06	0.03	12.13	45.29	6.90	-	356.41
Effect of foreign currency translation from functional currency to reporting currency	-	(0.09)	0.18	0.59	(0.17)	(1.21)	2.44	-	1.74
As at September 30, 2019	**-**	**1,032.77**	**1,978.06**	**75.04**	**1,193.56**	**33.43**	**614.36**	**4.78**	**4,932.00**
Net block									
As at September 30, 2019	**220.42**	**1,414.98**	**370.06**	**15.85**	**228.97**	**14.48**	**70.29**	**3.66**	**2,338.71**
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**

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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, 2019	220.47	2,447.72	2,441.59	89.63	1,408.24	94.23	679.87	8.44	7,390.19
Additions	-	0.30	294.11	0.40	14.38	-	9.91	-	319.10
Additions through business combination	-	-	5.23	-	0.06	-	-	-	5.29
Disposals	-	-	328.80	0.03	25.10	46.43	7.45	1.20	409.01
Effect of foreign currency translation from functional currency to reporting currency	0.90	4.02	45.64	3.20	1.83	(1.88)	10.79	-	64.50
As at March 31, 2020	**221.37**	**2,452.04**	**2,457.77**	**93.20**	**1,399.41**	**45.92**	**693.12**	**7.24**	**7,370.07**
Accumulated Depreciation									
As at April 1, 2019	-	983.41	2,160.36	70.13	1,166.93	76.58	597.31	4.23	5,058.95
Additions through business combination	-	-	1.69	-	0.06	-	-	-	1.75
Charge for the year	-	98.93	234.72	8.16	59.02	6.62	44.88	1.02	453.35
Disposals	-	-	328.80	0.03	20.78	46.43	7.30	1.20	404.54
Effect of foreign currency translation from functional currency to reporting currency	-	1.24	24.08	2.31	0.97	(1.26)	8.62	-	35.96
As at March 31, 2020	**-**	**1,083.58**	**2,092.05**	**80.57**	**1,206.20**	**35.51**	**643.51**	**4.05**	**5,145.47**
Net block									
As at March 31, 2020	**221.37**	**1,368.46**	**365.72**	**12.63**	**193.21**	**10.41**	**49.61**	**3.19**	**2,224.60**
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**

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6.2 Right of use assets

(In ₹ Million)

	Leasehold Land	Office premises	Total
Office premises			
Gross block (At cost)			
As at April 1, 2020	37.50	796.75	834.25
Additions during the period	-	241.54	241.54
Disposals	-	164.97	164.97
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	(2.10)	(2.10)
As at September 30, 2020	**37.50**	**871.22**	**908.72**
Accumulated Depreciation			
As at April 1, 2020	0.60	266.84	267.44
Charge for the period	0.29	121.76	122.05
Disposals	-	122.10	122.10
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	(0.92)	(0.92)
As at September 30, 2020	**0.89**	**265.58**	**266.47**
Net block			
As at September 30, 2020	**36.61**	**605.64**	**642.25**
As at March 31, 2020	**36.90**	**529.91**	**566.81**

(In ₹ Million)

	Leasehold Land	Office premises	Total
		In ₹ Million	In ₹ Million
Office premises			
Gross block (At cost)			
As at April 1, 2019	-	-	-
Additions (Transitional impact on adoption of Ind AS 116)	37.50	722.51	760.01
Additions during the period	-	32.62	32.62
Disposals	-	9.35	9.35
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	6.20	6.20
As at September 30, 2019	**37.50**	**751.98**	**789.48**
Accumulated Depreciation			
As at April 1, 2019	-	-	-
Charge for the period	0.31	127.46	127.77
Disposals	-	1.08	1.08
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	0.49	0.49
As at September 30, 2019	**0.31**	**126.87**	**127.18**
Net block			
As at September 30, 2019	**37.19**	**625.11**	**662.30**

(In ₹ Million)

	Leasehold Land	Office premises	Total
		In ₹ Million	In ₹ Million
Office premises			
Gross block (At cost)			
As at April 1, 2019	-	-	-
Additions (Transitional impact on adoption of Ind AS 116)	37.50	722.51	760.01
Additions during the year	-	77.80	77.80
Disposals	-	9.35	9.35
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	5.79	5.79
As at March 31, 2020	**37.50**	**796.75**	**834.25**
Accumulated Depreciation			
As at April 1, 2019	-	-	-
Charge for the year	0.60	260.73	261.33
Disposals	-	1.12	1.12
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	7.23	7.23
As at March 31, 2020	**0.60**	**266.84**	**267.44**
Net block			
As at March 31, 2020	**36.90**	**529.91**	**566.81**

6.3 Goodwill

(In ₹ Million)

	As at September 30, 2020	As at September 30, 2019	As at March 31, 2020
Cost			
Balance at beginning of period / year	88.94	81.24	81.24
Additional amounts recognised from business combinations occurring during the year	-	6.77	-
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	(2.24)	2.05	7.70
Balance at end of period / year	**86.70**	**90.06**	**88.94**

6.4 Other Intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2020	2,779.57	5,214.42	7,993.99
Additions	158.60	75.68	234.28
Additions through business combination (refer note 37)	-	178.76	178.76
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	(231.56)	33.79	(197.77)
As at September 30, 2020	**2,706.61**	**5,502.65**	**8,209.26**
Accumulated Amortization			
As at April 1, 2020	2,732.72	3,826.34	6,559.06
Charge for the period	27.17	501.60	528.77
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	(232.03)	(11.95)	(243.98)
As at September 30, 2020	**2,527.86**	**4,315.99**	**6,843.85**
Net block			
As at September 30, 2020	**178.75**	**1,186.66**	**1,365.41**
As at March 31, 2020	**46.85**	**1,388.08**	**1,434.93**

6.4 Other Intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2019	2,575.58	4,208.58	6,784.16
Additions	16.57	97.75	114.32
Additions through business combination	-	525.63	525.63
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	38.47	85.82	124.29
As at September 30, 2019	**2,630.62**	**4,917.78**	**7,548.40**
Accumulated Amortization			
As at April 1, 2019	2,479.52	2,709.23	5,188.75
Charge for the period	50.41	407.23	457.64
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	42.23	40.71	82.94
As at September 30, 2019	**2,572.16**	**3,157.17**	**5,729.33**
Net block			
As at September 30, 2019	**58.46**	**1,760.61**	**1,819.07**
As at March 31, 2019	**96.06**	**1,499.35**	**1,595.41**

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2019	2,575.58	4,208.58	6,784.16
Additions	30.88	97.75	128.63
Additions through business combination	-	527.31	527.31
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	173.11	380.78	553.89
As at March 31, 2020	**2,779.57**	**5,214.42**	**7,993.99**
Accumulated Amortization			
As at April 1, 2019	2,479.52	2,709.23	5,188.75
Charge for the year	80.84	864.10	944.94
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	172.36	253.01	425.37
As at March 31, 2020	**2,732.72**	**3,826.34**	**6,559.06**
Net block			
As at March 31, 2020	**46.85**	**1,388.08**	**1,434.93**
As at March 31, 2019	**96.06**	**1,499.35**	**1,595.41**

6.5 Depreciation and amortization

(In ₹ Million)

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
On Property, Plant and Equipment	114.78	115.91	224.58	225.97	453.35
On Right of use assets	60.56	65.99	122.05	127.77	261.33
On Other Intangible assets	264.45	243.16	528.77	457.64	944.94
	439.79	**425.06**	**875.40**	**811.38**	**1,659.62**

7. Non-current financial assets : Investments (refer note 31)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Investments carried under equity accounting method			
Unquoted Investments			
Investments in equity instruments			
In associates (refer note 32A)			
Klisma e-Services Private Limited [Holding 50% (Corresponding period / Previous year: 50%)]			
0.005 million (Corresponding period / Previous year : 0.005 million) shares of ₹10 each, fully paid up	0.05	0.05	0.05
Less : Impairment of non-current unquoted investments	(0.05)	(0.05)	(0.05)
	-	-	-
Total investments carried equity accounting method (A)	-	-	-
Investments carried at amortised cost			
Quoted Investments			
In bonds	2,530.55	1,928.04	2,171.52
[Market value ₹ 2,778.64 million (Corresponding period ₹ 2,051.77 million / Previous year: ₹ 2,236.81 million)]			
Add: Interest accrued on bonds	113.52	95.36	68.69
Total investments carried at amortised cost (B)	**2,644.07**	**2,023.40**	**2,240.21**
Designated as fair value through profit and loss			
Quoted Investments			
- Investments in mutual funds			
Fair value of long term mutual funds (refer Note 7a)	1,055.39	1,441.68	2,174.51
	1,055.39	**1,441.68**	**2,174.51**
Unquoted Investments			
Investments in Common Stocks / Preferred Stocks			
- Others*			
Ciqual Limited [Holding 2.38% (Corresponding period / Previous year 2.38%)]			
0.04 million (Corresponding period / Previous year : 0.04 million) shares of GBP 0.01 each, fully paid up	14.58	13.88	14.36
Less : Loss on FVTPL measurement	(14.58)	(13.88)	(14.36)
	-	-	-
Altizon Systems Private Limited	6.00	6.00	6.00
3,766 equity shares (Corresponding period / Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up			
	6.00	**6.00**	**6.00**
Hyginex, Inc.	14.75	14.17	15.13
0.25 million (Corresponding period / Previous year : 0.25 million) Preferred stock of $ 0.001 each, fully paid up			
Less : Loss on FVTPL measurement	(14.75)	(14.17)	(15.13)
	-	-	-
OpsDataStore, Inc.	14.75	14.17	15.13
0.20 million (Corresponding period / Previous year : 0.20 million) Preferred stock of $ 0.001 each, fully paid up			
Less : Loss on FVTPL measurement	(14.75)	(14.17)	(15.13)
	-	-	-
Trunomi, Inc.	18.44	17.71	18.92
0.28 million (Corresponding period / Previous year : 0.28 million) Preferred stock of $ 0.002 each, fully paid up			
Ampool, Inc.	18.44	17.71	18.92
0.55 million (Corresponding period / Previous year : 0.55 million) Preferred stock of $ 0.4583 each, fully paid up			
Less : Loss on FVTPL measurement	(18.44)	-	-
	-	**17.71**	**18.92**
Cazena, Inc.			
0.59 million Common Stock of $ 0.0001 each (Corresponding period: 0.35 million Preferred Stock of $ 0.0001 each/ Previous year - 0.59 million Common Stock of $ 0.0001 each) , fully paid up	147.51	141.71	151.33
	165.95	**177.13**	**189.17**

7. Non-current financial assets : Investments (refer note 31) (continued)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
- Investments in Convertible Notes			
DxNow	9.22	8.86	9.46
1 (Corresponding period / Previous year : 1) convertible note of USD 125,000 each, fully paid up			
Less : Loss on FVTPL measurement	(9.22)	(8.86)	(9.46)
	-	-	-
Ustyme	18.44	17.71	18.92
1 (Corresponding period / Previous year : 1) convertible note of USD 250,000 each, fully paid up			
Less : Loss on FVTPL measurement	(18.44)	(17.71)	(18.92)
	-	-	-
Akumina, Inc.	10.80	10.37	11.08
1 (Corresponding period / Previous year : 1) convertible note of USD 146,429 each, fully paid up			
	10.80	**10.37**	**11.08**
Total Investments carried at Fair Value (C)	**1,238.14**	**1,635.18**	**2,380.76**
Total investments (A) + (B) + (C)	**3,882.21**	**3,658.58**	**4,620.97**
Aggregate amount of impairment in value of investments/ Loss on FVTPL measurement	90.23	68.84	73.05
Aggregate amount of quoted investments	3,699.46	3,465.08	4,414.72
Aggregate amount of unquoted investments	272.98	262.34	279.30

* 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".

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

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Axis Mutual Fund	537.74	523.61	898.93
IDFC Mutual Fund	409.29	263.39	630.06
UTI Mutual Fund	36.73	101.51	105.73
Kotak Mutual Fund	36.42	136.30	105.86
Sundaram Mutual Fund	35.21	31.75	33.15
ICICI Prudential Mutual Fund	-	135.87	141.38
DSP Mutual Fund	-	33.64	35.00
PGIM India Mutual Fund (formerly known as DHFL Pramerica Mutual Fund)	-	33.60	35.03
Aditya Birla Sun Life Mutual Fund	-	79.43	82.65
SBI Mutual Fund	-	68.33	71.06
HDFC Mutual Fund	-	34.25	35.66
	1,055.39	**1,441.68**	**2,174.51**

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8. Non-current financial assets : Loans (refer note 31)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Carried at amortised cost			
Security deposits			
Unsecured, considered good	150.72	146.13	176.13
	150.72	**146.13**	**176.13**
Loan to others (Unsecured, considered good)			
Loan to LHS Solutions, Inc.	-	22.11	24.28
	-	**22.11**	**24.28**
Other loans and advances			
Unsecured, considered good	-	-	-
Unsecured, credit impaired	0.58	0.58	0.58
	0.58	**0.58**	**0.58**
Less: Impairment of non-current loans	(0.58)	(0.58)	(0.58)
	-	**-**	**-**
	150.72	**168.24**	**200.41**

9. Other non-current financial assets (refer note 31)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Non-current bank balances (refer note 15)	132.96	255.21	344.55
Add: Interest accrued but not due on non-current bank deposits (refer note 15)	10.70	1.76	14.38
Non-current deposits with banks (Carried at amortised cost)	**143.66**	**256.97**	**358.93**
Deposits with financial institutions	430.00	430.00	430.00
Add: Interest accrued on deposit with financial institutions	0.98	0.98	0.98
Less: Credit impaired (refer note 34)	(430.98)	(332.50)	(430.98)
	-	**98.48**	**-**
	143.66	**355.45**	**358.93**

10. Deferred tax asset (net) *

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Deferred tax liabilities			
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets	41.03	164.91	120.96
Capital gains	57.14	56.41	76.67
Others	42.64	19.60	21.63
	140.81	**240.92**	**219.26**
Deferred tax assets			
Provision for leave encashment	159.28	137.80	127.70
Provision for long service awards	89.44	74.82	83.27
Provision for doubtful debts	86.34	48.05	62.50
Provision for gratuity	-	2.65	2.86
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets	80.45	129.30	91.81
Brought forward and current period / year losses	68.05	56.53	112.94
Tax credits	335.65	250.56	328.80
Difference in Book values and tax base values of ROU asset and Lease liability	33.86	-	37.29
Others	319.04	154.37	332.17
	1,172.11	**854.08**	**1,179.34**
Deferred tax liabilities after set off	**-**	**-**	**-**
Deferred tax assets after set off	**1,031.30**	**613.16**	**960.08**

* 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 September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Capital advances (Unsecured, considered good)	14.72	-	27.14
Balances with government authorities (refer note 33)	296.55	296.55	296.55
Advances recoverable in cash or kind or for value to be received	13.45	73.71	7.62
	324.72	**370.26**	**331.31**

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12. Current financial assets : Investments (refer note 31)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 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)	4,933.32	1,522.23	5,164.77
	4,933.32	**1,522.23**	**5,164.77**
Total carrying amount of investments	**4,933.32**	**1,522.23**	**5,164.77**
Aggregate amount of quoted investments	**4,933.32**	**1,522.23**	**5,164.77**
Aggregate amount of unquoted investments	**-**	**-**	**-**

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

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
ICICI Prudential Mutual Fund	919.68	312.61	940.50
Aditya Birla Sun Life Mutual Fund	864.50	600.24	973.04
Axis Mutual Fund	716.06	-	396.02
UTI Mutual Fund	634.87	81.28	809.46
Kotak Mutual Fund	488.31	171.50	421.51
IDFC Mutual Fund	444.61	100.38	640.78
HDFC Mutual Fund	441.44	180.61	185.88
DSP Mutual Fund	261.27	-	-
SBI Mutual Fund	74.07	-	-
L&T Mutual Fund	52.04	15.00	734.90
PGIM India Mutual Fund (formerly known as DHFL Pramerica Mutual Fund)	36.47	-	-
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	-	60.61	62.68
	4,933.32	**1,522.23**	**5,164.77**

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13. Trade receivables (refer note 31)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Unsecured, considered good	5,776.88	5,049.74	5,921.96
Unsecured, credit impaired	344.38	166.48	242.13
	6,121.26	**5,216.22**	**6,164.09**
Less : Allowance for credit loss	(344.38)	(166.48)	(242.13)
	5,776.88	**5,049.74**	**5,921.96**
	5,776.88	**5,049.74**	**5,921.96**

14. Cash and cash equivalents (refer note 31)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Cash and cash equivalents as presented in cash flow statement			
Cash in hand	0.21	0.28	0.24
Balances with banks			
On current accounts *	1,105.90	1,162.76	1,566.06
On saving accounts	0.48	0.60	0.36
On Exchange Earner's Foreign Currency accounts	169.91	187.03	261.86
On deposit accounts with original maturity less than three months	21.00	-	71.47
	1,297.50	**1,350.67**	**1,899.99**

* Out of the cash and cash equivalent balance as at September 30, 2020, the Group can utilise ₹ 0.12 Million (Corresponding period: ₹ 5.14 Million / Previous year: ₹ 6.62 Million) only towards research and development activities specified in the agreement.

15. Other bank balances (refer note 31)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Deposits with banks*	6,647.73	5,986.35	2,909.58
Add: Interest accrued but not due on deposits with banks	169.14	2.58	117.49
Deposits with banks (carried at amortised cost)	**6,816.87**	**5,988.93**	**3,027.07**
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (refer note 9)	(132.96)	(255.21)	(344.55)
Less: Interest accrued but not due on non-current deposits with banks (refer note 9)	(10.70)	(1.76)	(14.38)
	6,673.21	**5,731.96**	**2,668.14**
Balances with banks on unpaid dividend accounts**	2.72	2.42	4.05
	6,675.93	**5,734.38**	**2,672.19**

* Out of the balance, fixed deposits of ₹ 673.71 million (Corresponding period: ₹ 1,838.34 million / Previous year : ₹ 71.10 million) have been earmarked against credit facilities and bank guarantees availed by the Parent Company.

** 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 31)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Carried at amortised cost			-
Loan to related parties (Unsecured, credit impaired) (refer note 32A)			
Unsecured, considered good	-	-	-
Klisma e-Services Private Limited	27.43	27.43	27.43
	27.43	**27.43**	**27.43**
Less: Impairment of current loans	(27.43)	(27.43)	(27.43)
	-	-	-
Loan to others (Unsecured, considered good)			
Loan to LHS Solutions, Inc.	23.78	-	-
Security deposits			
Unsecured, considered good	39.78	12.30	13.71
	63.56	**12.30**	**13.71**

17. Other current financial assets (refer note 31)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Fair value of derivatives designated and effective as hedging instruments			
Forward contracts receivable	134.54	107.94	-
Advances to related parties (Unsecured, credit impaired)			
Unsecured, credit impaired	0.81	0.81	0.81
Less: Impairment of current financial assets	(0.81)	(0.81)	(0.81)
	-	-	-
Unbilled revenue	2,017.29	2,249.46	2,068.54
	2,151.83	**2,357.40**	**2,068.54**

18. Other current assets

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Advances to suppliers (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	530.46	687.72	907.69
Excess fund balance with Life Insurance Corporation	129.57	130.85	128.54
Other advances (Unsecured, considered good)			
VAT receivable (net)	49.59	37.22	31.50
Service tax and GST receivable (net) (refer note 33)	999.77	891.93	858.51
	1,049.36	**929.15**	**890.01**
	1,709.39	**1,747.72**	**1,926.24**

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19. Non-current financial liabilities : Borrowings (refer note 31)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Unsecured Borrowings carried at amortised cost			
Term loans			
Indian rupee loan from others	8.75	13.34	11.93
Interest accrued but not due on term loans	0.01	0.01	0.18
Foreign currency loan from others	39.98	-	39.14
	48.74	**13.35**	**51.25**
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (refer note 23)	(3.21)	(2.73)	(4.85)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (refer note 23)	(0.01)	(0.01)	(0.18)
	(3.22)	**(2.74)**	**(5.03)**
	45.52	**10.61**	**46.22**

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

Loan I - amounting to ₹ 1.34 million (Corresponding period ₹ 4.10 million / Previous year ₹ 2.69 million) with interest payable @ 2% per annum has been guaranteed by a bank guarantee by the Group and is repayable in ten equal semi annual instalments over a period of five years commencing from September 2016.

Loan II - amounting to ₹ 7.41 million (Corresponding period ₹ 9.24 million / Previous year ₹ 9.24 million) with Interest payable @ 3% per annum repayable in ten equal annual instalments over a period of ten years commencing from October 2015.

Loan III - amounting to ₹ 39.98 million (Corresponding period ₹ Nil / Previous year ₹ 39.14 million). The interest free loan is given under a Covid-19 scheme for medium and small scale Industries by the Government of Switzerland to a subsidiary company with a repayment period of five years from March 2020.

20. Other long term financial liabilities (refer note 31)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Lease liabilities	734.08	783.30	662.42
Less: Current portion of lease liabilities (refer note 23)	(295.84)	(305.76)	(309.06)
	438.24	**477.54**	**353.36**

Movement of lease liabilities

	For the half year ended		For the year ended
	September 30, 2020 In ₹ Million	September 30, 2019 In ₹ Million	March 31, 2020 In ₹ Million
Opening balance	662.42	-	-
Additions (Transitional impact on adoption of Ind AS 116)	-	811.10	811.10
Additions	239.37	77.80	77.80
Deletions	50.65	-	-
Add: Interest recognised during the period / year	28.19	33.70	61.22
Less: Payments made	145.25	139.30	287.70
Closing balance	**734.08**	**783.30**	**662.42**

21. Non current liabilities : Provisions

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Provision for employee benefits			
- Gratuity	28.32	18.22	-
- Long service awards	225.80	168.76	182.79
	254.12	**186.98**	**182.79**

22. Trade payables (refer note 31)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Trade payables for goods and services [(dues of micro and small enterprises ₹ 8.38 million (Corresponding period: ₹1.34 million/ Previous year: ₹ 5.15 million)]	2,517.90	1,403.84	2,247.09
	2,517.90	**1,403.84**	**2,247.09**

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

23. Other current financial liabilities (refer note 31)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Capital creditors	25.46	32.07	36.24
Current maturity of long-term borrowings (refer note 19)	3.21	2.73	4.85
Current maturity of interest on long-term borrowings (refer note 19)	0.01	0.01	0.18
Accrued employee liabilities	120.22	403.88	421.17
Unpaid dividend*	2.72	2.42	4.05
Other liabilities	3.16	7.96	7.96
Fair value of derivatives designated and effective as hedging instruments			
Forward contracts payable	-	-	387.89
	154.78	**449.07**	**862.34**

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

24.Other current liabilities

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Unearned revenue	824.56	674.34	887.20
Advance from customers	82.86	48.58	264.82
Other payables			
- Statutory liabilities	192.38	277.17	157.19
- Other liabilities	3.30	6.56	10.92
	1,103.10	**1,006.65**	**1,320.13**

25. Current liabilities : Provisions

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Provision for employee benefits			
- Gratuity	0.80	-	20.41
- Leave encashment	761.92	615.63	638.05
- Long service awards	18.35	17.38	21.35
- Other employee benefits	1,012.27	602.67	931.18
	1,793.34	**1,235.68**	**1,610.99**

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26. Revenue from operations (net)

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Software services	9,910.97	8,419.41	19,543.60	16,443.97	34,494.34
Software licenses	166.50	426.59	447.72	723.17	1,163.74
	10,077.47	**8,846.00**	**19,991.32**	**17,167.14**	**35,658.08**

27. Other income

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Interest income					
On deposits carried at amortised cost	88.03	106.40	175.72	198.42	389.59
On Others	41.73	34.90	81.14	81.10	155.69
Foreign exchange (loss) / gain (net)	(50.59)	137.91	(138.22)	217.75	364.35
Profit on sale of Property, Plant and Equipment (net)	3.63	0.33	3.65	0.50	-
Dividend income from investments	-	3.41	-	13.95	13.98
Profit on sale of investments (net)	86.38	15.36	377.56	144.17	164.81
Net (loss) / gain arising on financial assets designated as FVTPL	(18.58)	49.91	(174.19)	(20.47)	119.02
Excess provision in respect of earlier periods / years written back	0.14	4.33	6.57	4.60	6.95
Miscellaneous income	14.23	29.91	45.01	42.80	109.38
	164.97	**382.46**	**377.24**	**682.82**	**1,323.77**

28. Personnel expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
28.1 Employee benefits expense					
Salaries, wages and bonus	5,614.00	4,903.27	10,848.07	9,456.83	19,594.62
Contribution to provident and other funds	339.92	272.52	728.22	476.17	1,199.20
Staff welfare and benefits	92.84	131.71	198.38	259.60	525.79
Share based payments to employees	50.08	62.21	107.24	93.36	236.79
	6,096.84	**5,369.71**	**11,881.91**	**10,285.96**	**21,556.40**
28.2 Cost of professionals	1,351.40	897.18	2,701.87	1,757.00	3,918.94
	7,448.24	**6,266.89**	**14,583.78**	**12,042.96**	**25,475.34**

29. Other expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	35.45	224.41	114.80	504.02	936.86
Electricity expenses (net)	22.25	27.98	40.73	60.20	114.94
Internet link expenses	10.63	18.38	37.39	36.72	73.30
Communication expenses	39.28	26.14	66.00	51.30	105.72
Recruitment expenses	25.82	36.50	46.58	70.18	128.80
Training and seminars	6.88	4.91	18.26	10.11	34.63
Royalty expenses	29.71	16.68	39.36	34.99	76.82
Purchase of software licenses	317.10	473.07	948.70	850.68	1,724.51
Provision for doubtful receivables (net)	52.52	22.50	105.62	29.73	83.86
Rent	32.56	26.28	72.27	64.83	135.25
Insurance	9.43	8.59	19.86	15.41	34.49
Rates and taxes	28.82	20.96	48.04	47.96	88.07
Legal and professional fees	129.81	162.55	241.29	312.82	517.13
Repairs and maintenance					
- Plant and Machinery	20.01	34.73	51.90	61.14	123.04
- Buildings	7.06	5.41	12.15	12.79	24.10
- Others	8.80	4.94	14.94	9.95	21.60
Selling and marketing expenses	1.03	2.56	4.60	2.80	7.85
Advertisement, conference and sponsorship fees	21.40	25.98	35.40	94.40	191.01
Computer consumables	1.37	2.30	1.82	3.84	7.01
Auditors' remuneration	4.68	6.01	7.83	10.08	18.89
Donations (refer note 32A)	71.57	18.80	167.00	37.81	86.35
Books, memberships, subscriptions	4.03	11.00	11.21	20.09	38.05
Loss on sale of Property, Plant and Equipment	-	-	-	-	5.96
Directors' sitting fees	1.67	1.12	2.66	3.52	6.58
Directors' commission	2.54	3.60	5.50	7.65	14.85
Provision for doubtful deposits and advances (refer note 34)	-	50.00	-	150.00	248.48
Loss on FVTPL measurement	(0.18)	-	18.74	-	-
Miscellaneous expenses	80.86	127.10	152.82	202.48	412.00
	965.10	**1,362.50**	**2,285.47**	**2,705.50**	**5,260.15**

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30. Earnings per share

		For the quarter ended		For the half year ended		For the year ended
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
Numerator for Basic and Diluted EPS						
Net Profit after tax (In ₹ Million)	(A)	1,019.86	860.72	1,919.94	1,685.42	3,402.89
Denominator for Basic EPS						
Weighted average number of equity shares	(B)	7,64,25,000	7,64,25,000	7,64,25,000	7,69,44,344	7,66,84,672
Denominator for Diluted EPS						
Number of equity shares	(C)	7,64,25,000	7,64,25,000	7,64,25,000	7,69,44,344	7,66,84,672
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	**13.34**	**11.26**	**25.12**	**21.90**	**44.38**
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	**13.34**	**11.26**	**25.12**	**21.90**	**44.38**

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
Number of shares considered as basic weighted average shares outstanding	7,64,25,000	7,64,25,000	7,64,25,000	7,69,44,344	7,66,84,672
Add: Effect of dilutive issues of stock options	-	-	-	-	-
Number of shares considered as weighted average shares and potential shares outstanding	**7,64,25,000**	**7,64,25,000**	**7,64,25,000**	**7,69,44,344**	**7,66,84,672**

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31. 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 September 30, 2020		As at September 30, 2019		As at March 31, 2020		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	
Assets:								
Investments in associates (net)	Equity accounting	-	-	-	-	-	-	
Investments in equity instruments, preferred stock and convertible notes	Fair value	182.75	182.75	193.50	193.50	206.25	206.25	Level 3
Investments in bonds*	Amortised cost	2,644.07	2,778.64	2,023.40	2,051.77	2,240.21	2,236.81	
Investments in mutual funds	Fair value	5,988.71	5,988.71	2,963.91	2,963.91	7,339.28	7,339.28	Level 1
Loans	Amortised cost	214.28	214.28	180.54	180.54	214.12	214.12	
Deposit with banks and financial institutions (net)	Amortised cost	6,816.87	6,816.87	6,087.41	6,087.41	3,027.07	3,027.07	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	1,300.22	1,300.22	1,353.09	1,353.09	1,904.04	1,904.04	
Trade receivables (net)	Amortised cost	5,776.88	5,776.88	5,049.74	5,049.74	5,921.96	5,921.96	
Unbilled revenue	Amortised cost	2,017.29	2,017.29	2,249.46	2,249.46	2,068.54	2,068.54	
Forward contracts receivables	Fair value	134.54	134.54	107.94	107.94	-	-	Level 2
Total		**25,075.61**	**25,210.18**	**20,208.99**	**20,237.36**	**22,921.47**	**22,918.07**	
Liabilities:								
Borrowings (including accrued interest)	Amortised cost	48.74	48.74	13.35	13.35	51.25	51.25	
Trade payables	Amortised cost	2,517.90	2,517.90	1,403.84	1,403.84	2,247.09	2,247.09	
Other financial liabilities (excluding borrowings)	Amortised cost	151.56	151.56	446.33	446.33	469.42	469.42	
Other long term financial liabilities	Amortised cost	438.24	438.24	477.54	477.54	353.36	353.36	
Forward contracts payable	Fair value	-	-	-	-	387.89	387.89	Level 2
Total		**3,156.44**	**3,156.44**	**2,341.06**	**2,341.06**	**3,509.01**	**3,509.01**	

* 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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32. 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 Chairman.

Considering the focus on industry verticals, the Group has decided to reorganize its operating segments from April 1, 2020. The figures for the corresponding periods / year have been appropriately reclassified in line with the current period's classification.
a. Banking, Financial Services and Insurance (BFSI)
b. Healthcare & Life Sciences
c. Technology Companies and Emerging Verticals

(In ₹ Million)

Particulars			BFSI	Healthcare & Life Sciences	Technology Companies and Emerging Verticals	Total
Revenue						
	Quarter ended	September 30, 2020	3,217.36	1,941.90	4,918.21	10,077.47
	Quarter ended	September 30, 2019	2,504.74	1,625.45	4,715.81	8,846.00
	Half Year ended	September 30, 2020	6,370.47	3,899.37	9,721.48	19,991.32
	Half Year ended	September 30, 2019	4,805.77	3,201.32	9,160.05	17,167.14
	Year ended	March 31, 2020	10,506.77	6,719.15	18,432.16	35,658.08
Identifiable expense						
	Quarter ended	September 30, 2020	2,060.23	1,014.49	3,163.40	6,238.12
	Quarter ended	September 30, 2019	1,594.12	934.01	2,997.03	5,525.16
	Half Year ended	September 30, 2020	4,164.29	2,072.53	6,378.73	12,615.55
	Half Year ended	September 30, 2019	3,170.56	1,872.79	5,878.33	10,921.68
	Year ended	March 31, 2020	6,908.62	3,818.97	12,013.97	22,741.56
Segmental result						
	Quarter ended	September 30, 2020	1,157.13	927.41	1,754.81	3,839.35
	Quarter ended	September 30, 2019	910.62	691.44	1,718.78	3,320.84
	Half Year ended	September 30, 2020	2,206.18	1,826.84	3,342.75	7,375.77
	Half Year ended	September 30, 2019	1,635.21	1,328.53	3,281.72	6,245.46
	Year ended	March 31, 2020	3,598.15	2,900.18	6,418.19	12,916.52
Unallocable expenses						
	Quarter ended	September 30, 2020				2,629.21
	Quarter ended	September 30, 2019				2,547.67
	Half Year ended	September 30, 2020				5,157.46
	Half Year ended	September 30, 2019				4,675.04
	Year ended	March 31, 2020				9,716.87
Operating income						
	Quarter ended	September 30, 2020				1,210.14
	Quarter ended	September 30, 2019				773.17
	Half Year ended	September 30, 2020				2,218.31
	Half Year ended	September 30, 2019				1,570.42
	Year ended	March 31, 2020				3,199.65
Other income (net of expenses)						
	Quarter ended	September 30, 2020				164.97
	Quarter ended	September 30, 2019				382.46
	Half Year ended	September 30, 2020				377.24
	Half Year ended	September 30, 2019				682.82
	Year ended	March 31, 2020				1,323.77
Profit before taxes						
	Quarter ended	September 30, 2020				1,375.11
	Quarter ended	September 30, 2019				1,155.63
	Half Year ended	September 30, 2020				2,595.55
	Half Year ended	September 30, 2019				2,253.24
	Year ended	March 31, 2020				4,523.42
Tax expense						
	Quarter ended	September 30, 2020				355.25
	Quarter ended	September 30, 2019				294.91
	Half Year ended	September 30, 2020				675.61
	Half Year ended	September 30, 2019				567.82
	Year ended	March 31, 2020				1,120.53
Profit after tax						
	Quarter ended	September 30, 2020				1,019.86
	Quarter ended	September 30, 2019				860.72
	Half Year ended	September 30, 2020				1,919.94
	Half Year ended	September 30, 2019				1,685.42
	Year ended	March 31, 2020				3,402.89

(In ₹ Million)

Particulars			BFSI	Healthcare & Life Sciences	Technology Companies and Emerging Verticals	Total
Segmental trade receivables (net)						
	As at	September 30, 2020	1,803.95	1,397.89	2,575.04	5,776.88
	As at	September 30, 2019	1,580.27	1,167.63	2,301.84	5,049.74
	As at	March 31, 2020	1,818.41	1,340.70	2,762.85	5,921.96
Segmental Unbilled revenue						
	As at	September 30, 2020	523.75	230.01	1,263.53	2,017.29
	As at	September 30, 2019	313.22	208.01	1,728.23	2,249.46
	As at	March 31, 2020	409.33	273.90	1,385.31	2,068.54
Unallocated assets						
	As at	September 30, 2020	-	-	-	24,826.30
	As at	September 30, 2019	-	-	-	20,834.61
	As at	March 31, 2020	-	-	-	22,931.19
Unallocated liabilities						
	As at	September 30, 2020	-	-	-	32,620.47
	As at	September 30, 2019	-	-	-	28,133.81
	As at	March 31, 2020	-	-	-	30,921.69

Segregation of assets (other than trade receivables and unbilled revenue), liabilities, depreciation and amortization and other non-cash expenses into various reportable segments have not been presented as the assets are used interchangeably 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

Particulars			India	North America	Rest of the World	Total
Revenue						
	Quarter ended	September 30, 2020	816.07	8,356.06	905.34	10,077.47
	Quarter ended	September 30, 2019	595.53	7,195.51	1,054.96	8,846.00
	Half Year ended	September 30, 2020	1,595.65	16,327.75	2,067.92	19,991.32
	Half Year ended	September 30, 2019	1,152.74	14,059.78	1,954.62	17,167.14
	Year ended	March 31, 2020	2,657.29	28,891.15	4,109.64	35,658.08

The revenue from individual customers in excess of ten percent of total revenue of the Group is ₹ 3,428.99 million for the quarter ended September 30, 2020 (Corresponding period: ₹ 3,022.74 million), Rs. 6,369.54 million for the half year ended September 30, 2020 (Corresponding period: ₹ 5,850.81 million/ Previous year : ₹ 11,623.30 million).

Notes forming part of Condensed Interim Consolidated Financial Statements

32A. (i) Significant related party transactions (excluding transactions with Key Management personnel and their relatives)

(In ₹ Million)

	Name of the related party and nature of relationship	For the quarter ended		For the half year ended		For the year ended
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
Sale of software services	**Entity over which a key management personnel has significant influence**					
	Deazzle Services Private Limited	-	2.00	-	4.90	7.47
	Total	**-**	**2.00**	**-**	**4.90**	**7.47**
Legal and professional fees	**Entity over which a key management personnel has significant influence**					
	Azure Associates, LLC	-	5.42	-	10.55	10.63
	Total	**-**	**5.42**	**-**	**10.55**	**10.63**
Donation given	**Entity over which a key management personnel has significant influence**					
	Persistent Foundation	45.00	18.80	105.00	37.60	79.21
		45.00	**18.80**	**105.00**	**37.60**	**79.21**

(ii) Significant outstanding balances @ **(In ₹ Million)**

	Name of the related party and nature of relationship	As at		
		September 30, 2020	September 30, 2019	March 31, 2020
Trade receivables	**Entity over which a key management personnel has significant influence**			
	Deazzle Services Private Limited	-	1.50	-
	Total	**-**	**1.50**	**-**
Trade payables	**Entity over which a key management personnel has significant influence**			
	Azure Associates, LLC	-	1.77	-
	Total	**-**	**1.77**	**-**
Advances given	**Associate**			
	Klisma e-Services Private Limited	0.81	0.81	0.81
	Total	**0.81**	**0.81**	**0.81**
Investments	**Associate**			
	Klisma e-Services Private Limited	0.05	0.05	0.05
	Total	**0.05**	**0.05**	**0.05**
Loans given	**Associate**			
	Klisma e-Services Private Limited	27.43	27.43	27.43
	Total	**27.43**	**27.43**	**27.43**

@ These balances are fully provided for.

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33. Contingent liabilities

Persistent Systems Limited ("the Parent Company") had received a show cause notice from the 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 Parent Company to its overseas customers for the period 2011-12 to 2014-15.

Post representations made by the Parent 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 ₹ 173.78 million based on the period of limitation and as a result of that, the said demand now covers financial year 2014-15. The Parent Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017.

The Group, 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 condensed interim consolidated financial statements. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Group will be eligible to claim credit/refund for the amount paid.

The GST department 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 acknowledged the ground of revenue neutrality, the said appeal mainly questions non-application of extended period of limitation. The Parent Company 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 Company 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. This balance, post adjustment of service tax liability of ₹17.76 million for the month of June 2017 (i.e. net amount of ₹ 629.60 million) was considered as transitional credit under GST Regime and recorded accordingly as GST receivable. The disputed demand currently stands at ₹ 173.78 million towards which ₹ 165.58 million was paid under protest and forms part of the aforementioned GST receivable balance.

As on September 30, 2020, the pending litigations in respect of direct taxes amount to ₹ 220.30 million and in respect of indirect taxes amount to ₹ 25.94 million (excluding the show cause notice 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 Parent Company at the first appellate authority in the earlier years, management does not expect any outflow in respect of these litigations.

In respect of export incentives pertaining to previous periods amounting to ₹ 255.52 million, which have been refunded under protest with interest of Rs 41.03 million, the Parent Company filed an application before the relevant authorities. Further, the Parent Company has also submitted a follow up communication, in this regard, with DGFT. Also, the Parent Company had submitted representation with the industry association (NASSCOM) to ensure continued applicability of the said incentives to the eligible information technology companies. We understand from NASSCOM that they have also taken up the matter with concerned authorities. Additionally, accrued export incentives amounting to ₹ 113.49 million pertaining to earlier periods is subject to realization in the context of Parent Company's review application pending before the relevant authorities. The Parent Company is awaiting an opportunity of being heard on its application pending before DGFT and believes that the export incentives will be finally granted to the Parent Company. Accordingly, no provision has been considered in the financial statements in this regard

In respect of the show cause notice dated 30th September 2020, received by the Parent Company on 9th October, 2020, on this matter from the Directorate of Revenue Intelligence (DRI), in which the authorities have raised certain additional matters with applicable penalties, the Parent Company, based on initial consultations with subject matter specialists/experts believes that its position will likely be upheld on ultimate resolution and hence, no provision has been considered in the financial statements in this regard.

Persistent Systems Limited has given a performance guarantee up to $ 10 million to HSBC Bank USA in respect of payment obligations under the Receivables Purchase agreement entered into by Persistent Systems, Inc. with HSBC Bank, USA (Corresponding period / Previous year: $10 million). Persistent Systems Limited has also given performance guarantee up to $ 5 million to Citibank USA (Corresponding period / Previous year: $ 5 million) in respect of working capital facilities for Persistent Systems, Inc. and $ 0.17 million to Sun Life Assurance Company of Canada for timely payment of rent instalments and damages, in respect of office leased to Persistent Systems, Inc.

Persistent Systems, Inc. has given commercial guarantee of 30 million Euros (Corresponding period / Previous year: 30 Million euros) to Tech Data Europe GmbH on behalf of Persistent Systems France S.A.S. For the said guarantee, Persistent Systems, Inc. has charged guarantee fees of 0.25% of the guarantee amount.

Persistent Systems, Inc. has also given a performance guarantee of up to $ 3 million (Corresponding period / Previous year: $ 3 million) to United States Cellular Corporation (USCC) Services & its affiliates towards trade payable of Aepona Limited.

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

35. Effective April 1, 2019, the Group has adopted Ind AS 116, Leases; and has recognized interest expense of ₹ 28.19 million (Corresponding period: ₹ 33.70 million / Previous year: ₹ 61.22 million).

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

37. Business combination

On May 12, 2020, the Group has entered into an agreement with a customer wherein it has acquired a business division together with the skilled employees and has also entered into a service agreement with the same customer for a period of five years. The Group did not have/nor does it hold any equity interest in the aforementioned customer before or after the above transaction. The transaction has been considered as a 'Business combination' in accordance with IND AS 103, Business Combinations.

A. Consideration for the transaction

The following table summarizes the acquisition date fair value of major components of the agreed consideration:

Particulars	**Amount (in INR million)**
Cash	136.10
Employee benefit liabilities assumed	42.66
Total Consideration	**178.76**

B. Identifiable assets acquired and liabilities assumed

The acquisition of the said business is accounted for using the acquisition method of accounting. However, the Group did not perform a complete exercise of purchase price allocation pending fair valuation of assets and liabilities assumed as at the reporting date. As a result, the Group has exercised the option of using the exemption available under Ind AS 103, which provides the Group a period of twelve months from the acquisition date for completing the accounting of purchase price allocation. Accordingly, the amount of INR 178.76 million has currently been considered as 'Contractual rights for service contracts' and classified under, Acquired contractual rights, disclosed in Note 6.4, on provisional basis.

38. The code on Social security, 2020 relating to employee benefits has been approved by the Parliament and has also been published in Official Gazette of India. However, the date on which it comes into effect has not been notified and the rules are yet to be framed. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules are published.

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

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

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

BHARAT KOCHU SHETTY
Digitally signed by BHARAT KOCHU SHETTY
Date: 2020.10.24 20:51:11 +05'30'

Anand Deshpande

Praveen Purushottam Kadle (Oct 24, 2020 12:45 GMT+5.5)

Bharat Shetty
Partner

Membership No.: 106815

Dr. Anand Deshpande
Chairman and
Managing Director
DIN: 00005721

Praveen Kadle
Independent Director

DIN: 00016814

Amit Atre
Amit Atre (Oct 24, 2020 10:21 GMT+5.5)

Sunil Sapre
Sunil Sapre (Oct 24, 2020 11:03 GMT+5.5)

Amit Atre
Company Secretary
Membership No. A20507

Sunil Sapre
Executive Director and
Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date : October 24, 2020

Place: Pune
Date : October 24, 2020

Place: Mumbai
Date : October 24, 2020

. (Oct 24, 2020 10:05 GMT+5.5)

Walker Chandiok & Co LLP
11th floor, Tower II,
One International Center,
SB Marg, Prabhadevi (W)
Mumbai – 400 013
India

T +91 22 6626 2699
F +91 22 6626 2601

Independent Auditor's Report

To the Members of Persistent Systems Limited

Report on the Audit of the Condensed Interim Standalone Financial Statements

Opinion

1. We have audited the accompanying condensed interim standalone financial statements of **Persistent Systems Limited** ('the Company'), which comprise the Condensed Interim Balance Sheet as at 30 September 2020, the Condensed Interim Statement of Profit and Loss (including Other Comprehensive Income) for the quarter and half year ended 30 September 2020, the Condensed Interim Cash Flow Statement and the Condensed Interim Statement of Changes in Equity for the half year ended 30 September 2020, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed interim standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including in accordance with Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 30 September 2020, and its profit (financial performance including other comprehensive income) for the quarter and half year ended 30 September 2020, its cash flows and the changes in equity for the half year ended on that date.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the condensed interim Standalone Financial Statements

4. The accompanying condensed interim standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these condensed interim standalone financial statements that give a true and fair view of the state of affairs (financial position), profit (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including in accordance with Ind AS 34 specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the condensed interim standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

5. In preparing the condensed interim standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

6. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the condensed interim standalone financial statements

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

8. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

Other Matter

10. The condensed interim standalone financial statements of the Company for the quarter ended 30 June 2019 were audited by the predecessor auditor, Deloitte Haskins & Sells LLP, who have expressed an unmodified opinion on these condensed interim standalone financial statements vide their audit report dated 25 July 2019.

Our opinion is not modified in respect of this matter.

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

BHARAT KOCHU SHETTY

Digitally signed by BHARAT KOCHU SHETTY
Date: 2020.10.24 20:42:54 +05'30'

Bharat Shetty
Partner
Membership No:106815

UDIN:20106815AAAAEY7633

Place: Mumbai
Date: 24 October 2020

Persistent Systems Limited

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2020

	Notes	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
ASSETS				
Non-current assets				
Property, Plant and Equipment	5.1	2,040.34	2,151.39	2,048.77
Capital work-in-progress		23.63	6.09	48.27
Right of Use assets	5.2	347.20	332.86	269.40
Other Intangible assets	5.3	174.53	62.41	46.97
Intangible assets under development		-	107.08	137.20
		2,585.70	2,659.83	2,550.61
Financial assets				
- Investments	6	7,664.60	7,430.22	8,379.86
- Loans	7	101.45	118.50	123.57
- Other non current financial assets	8	143.66	355.45	358.93
Deferred tax assets (net)	9	266.74	223.80	317.35
Other non-current assets	10	319.71	310.64	329.39
		11,081.86	**11,098.44**	**12,059.71**
Current assets				
Financial assets				
- Investments	11	4,933.32	1,522.23	5,164.77
- Trade receivables (net)	12	2,642.65	2,378.14	2,883.09
- Cash and cash equivalents	13	497.51	340.83	532.63
- Other bank balances	14	6,431.04	5,639.01	2,405.32
- Loans	15	7.16	4.83	4.76
- Other current financial assets	16	2,122.70	2,043.64	2,080.07
Other current assets	17	1,661.95	1,467.11	1,485.37
		18,296.33	**13,395.79**	**14,556.01**
TOTAL		**29,378.19**	**24,494.23**	**26,615.72**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	764.25	764.25	764.25
Other equity		24,989.27	21,201.67	22,221.13
		25,753.52	**21,965.92**	**22,985.38**
LIABILITIES				
Non- current liabilities				
Financial liabilities				
- Lease liabilities	20	254.94	249.05	191.26
- Borrowings	18	5.54	10.61	7.08
Provisions	19	225.80	168.76	182.79
		486.28	**428.42**	**381.13**
Current liabilities				
Financial liabilities				
- Lease liabilities	20	162.34	182.69	165.38
- Trade payables for goods and services [(dues of micro and small enterprises ₹ 8.38 million (Corresponding period: ₹ 1.34 million/ Previous year: ₹ 5.15 million)]	21	824.85	736.44	972.49
- Other financial liabilities	22	146.82	120.87	549.73
Other current liabilities	23	872.53	622.10	851.02
Provisions	24	824.21	415.41	590.38
Current tax liabilities (net)		307.64	22.38	120.21
		3,138.39	**2,099.89**	**3,249.21**
TOTAL		**29,378.19**	**24,494.23**	**26,615.72**
Summary of significant accounting policies	3			

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

As per our report of even date

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

BHARAT KOCHU SHETTY Digitally signed by BHARAT KOCHU SHETTY Date: 2020.10.24 20:43:39 +05'30'

Bharat Shetty
Partner
Membership No.: 106815

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

Anand Deshpande

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Praveen Purushottam Kadle (Oct 24, 2020 12:54 GMT+5.5)

Praveen Kadle
Independent Director
DIN: 00016814

Amit Atre
Amit Atre (Oct 24, 2020 10:20 GMT+5.5)

Amit Atre
Company Secretary
Membership No. A20507

Sunil Sapre
Sunil Sapre (Oct 24, 2020 11:00 GMT+5.5)

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

Place: Mumbai
Date : October 24, 2020

Place: Pune
Date : October 24, 2020

Place: Mumbai
Date : October 24, 2020

Persistent Systems Limited

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2020

	Notes	For the quarter ended September 30, 2020 In ₹ Million	For the quarter ended September 30, 2019 In ₹ Million	For the half year ended September 30, 2020 In ₹ Million	For the half year ended September 30, 2019 In ₹ Million	For the year ended March 31, 2020 In ₹ Million
Income						
Revenue from operations (net)	25	5,961.78	5,017.09	11,523.16	9,971.04	21,081.22
Other income	26	207.22	558.94	500.98	865.99	1,599.04
Total income (A)		**6,169.00**	**5,576.03**	**12,024.14**	**10,837.03**	**22,680.26**
Expenses						
Employee benefits expense	27.1	3,265.09	2,679.51	6,322.35	5,178.86	11,029.06
Cost of professionals	27.2	483.76	478.42	861.46	968.44	1,825.37
Finance costs (refer note 34)		9.80	11.66	18.59	24.11	44.51
Depreciation and amortization expense	5.4	139.06	141.25	270.87	278.71	555.12
Other expenses	28	677.00	921.83	1,381.10	1,928.82	3,897.14
Total expenses (B)		**4,574.71**	**4,232.67**	**8,854.37**	**8,378.94**	**17,351.20**
Profit before tax (A - B)		**1,594.29**	**1,343.36**	**3,169.77**	**2,458.09**	**5,329.06**
Tax expense						
Current tax		430.03	262.58	840.00	600.77	1,297.91
Tax charge / (credit) in respect of earlier periods / years		-	-	2.74	-	(1.60)
Deferred tax (credit) / charge		(12.09)	12.32	(64.08)	(45.53)	(44.48)
Total tax expense		**417.94**	**274.90**	**778.66**	**555.24**	**1,251.83**
Net profit for the period / year (C)		**1,176.35**	**1,068.46**	**2,391.11**	**1,902.85**	**4,077.23**
Other comprehensive income						
Items that will not be reclassified to profit and loss (D)						
- Remeasurements of the defined benefit asset / (liabilities) (net of tax)		6.53	(8.50)	24.26	(33.80)	(30.46)
		6.53	**(8.50)**	**24.26**	**(33.80)**	**(30.46)**
Items that may be reclassified to profit and loss (E)						
- Effective portion of cash flow hedge (net of tax)		191.01	(124.71)	340.99	(147.90)	(429.15)
		191.01	**(124.71)**	**340.99**	**(147.90)**	**(429.15)**
Total other comprehensive income for the period / year (D) + (E)		**197.54**	**(133.21)**	**365.25**	**(181.70)**	**(459.61)**
Total comprehensive income for the period / year (C) + (D) + (E)		**1,373.89**	**935.25**	**2,756.36**	**1,721.15**	**3,617.62**
Earnings per equity share [Nominal value of share ₹10 (Corresponding period/ previous year: ₹10)]	29					
Basic (In ₹)		15.39	13.98	31.29	24.73	53.17
Diluted (In ₹)		15.39	13.98	31.29	24.73	53.17
Summary of significant accounting policies	3					

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

As per our report of even date

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

BHARAT KOCHU SHETTY
Digitally signed by BHARAT KOCHU SHETTY
Date: 2020.10.24 20:44:05 +05'30'

Bharat Shetty
Partner
Membership No.: 106815

Place: Mumbai
Date : October 24, 2020

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

Anand Deshpande

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Praveen Purushottam Kadle (Oct 24, 2020 12:54 GMT+5.5)

Praveen Kadle
Independent Director
DIN: 00016814

Amit Atre
Amit Atre (Oct 24, 2020 10:20 GMT+5.5)

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date : October 24, 2020

Sunil Sapre
Sunil Sapre (Oct 24, 2020 11:00 GMT+5.5)

Sunil Sapre
Executive Director and
Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date : October 24, 2020

Persistent Systems Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020

		For the half yea		For the year ended
		September 30, 2020 In ₹ Million	September 30, 2019 In ₹ Million	March 31, 2020 In ₹ Million
Cash flows from operating activities				
Profit before tax		**3,169.77**	**2,458.09**	**5,329.06**
Adjustments for:				
Interest income		(251.57)	(265.41)	(525.76)
Finance cost		18.59	24.11	44.51
Dividend income		(94.56)	(207.83)	(410.72)
Depreciation and amortization expense		270.87	278.71	555.12
Unrealised exchange loss / (gain) (net)		0.85	(25.31)	(128.86)
Exchange (gain) / loss on derivative contracts		(66.75)	(61.47)	58.51
Exchange loss / (gain) on translation of foreign currency cash and cash equivalents		0.41	(8.18)	(46.82)
Provision for doubtful debts (net)		47.56	29.90	47.31
Provision for doubtful deposits		-	150.00	248.48
Employee stock compensation expenses		73.01	22.75	60.01
Remeasurements of the defined benefit liabilities / asset (before tax effects)		30.94	(46.16)	(41.80)
Loss / (gain) on fair valuation of mutual funds		174.19	20.47	(119.02)
Profit on sale of investments (net)		(377.56)	(144.17)	(164.81)
Profit on sale of Property, Plant and Equipment (net)		(3.25)	(0.94)	-
Operating profit before working capital changes		**2,992.50**	**2,224.56**	**4,905.21**
Movements in working capital :				
Decrease / (Increase) in non-current and current loans		19.31	(0.29)	(5.29)
Increase in other non current assets		(2.74)	(281.54)	(261.04)
Decrease / (Increase) in other current financial assets		126.14	(211.36)	(246.75)
Increase in other current assets		(176.58)	(223.67)	(241.93)
Decrease / (Increase) in trade receivables		192.55	51.42	(373.81)
Increase / (Decrease) in trade payables, current liabilities and non current liabilities		16.83	(292.70)	209.81
Increase / (Decrease) in provisions		276.84	(238.40)	(49.40)
Operating profit after working capital changes		**3,444.85**	**1,028.02**	**3,936.80**
Direct taxes paid (net of refunds)		(661.99)	(618.96)	(1,217.69)
Net cash generated from operating activities	**(A)**	**2,782.86**	**409.06**	**2,719.11**
Cash flows from investing activities				
Payment towards capital expenditure (including intangible assets)		(328.08)	(277.35)	(483.57)
Proceeds from sale of Property, Plant and Equipment		7.59	1.06	4.08
Investment in wholly owned subsidiaries		-	(474.00)	(474.00)
Purchase of bonds		(520.48)	(171.47)	(901.61)
Proceeds from sale of bonds		172.84	330.38	819.87
Investments in mutual funds		(11,815.87)	(7,780.50)	(19,456.95)
Proceeds from sale / maturity of mutual funds		13,358.42	10,212.14	17,670.49
(Investments)/ maturity in bank deposits		(3,759.80)	(992.95)	2,044.25
Maturity of deposit with financial institutions		-	250.00	250.00
Interest received		154.76	101.50	484.68
Dividend received		-	207.83	410.72
Net cash (used in) / generated from investing activities	**(B)**	**(2,730.62)**	**1,406.64**	**367.96**
Cash flows from financing activities				
Repayment of long term borrowings		(3.18)	(3.21)	(4.62)
Payment of lease liabilities		(91.11)	(93.10)	(188.37)
Shares bought back		-	(1,677.01)	(1,677.01)
Specific project related grant received		9.00	3.00	3.00
Dividend paid		(1.33)	(229.28)	(1,144.60)
Tax on dividend paid		-	(47.99)	(154.14)
Interest paid		(0.33)	(0.58)	(0.64)
Net cash used in financing activities	**(C)**	**(86.95)**	**(2,048.17)**	**(3,166.38)**

	For the half year ended		For the year ended
	September 30, 2020	September 30, 2019	March 31, 2020
	In ₹ Million	In ₹ Million	In ₹ Million
Net decrease in cash and cash equivalents (A + B + C)	(34.71)	(232.47)	(79.31)
Cash and cash equivalents at the beginning of the period / year	532.63	565.12	565.12
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(0.41)	8.18	46.82
Cash and cash equivalents at the end of the period / year	**497.51**	**340.83**	**532.63**
Components of cash and cash equivalents			
Cash on hand (refer note 13)	0.15	0.14	0.15
Balances with banks			
On current accounts # (refer note 13)	305.97	153.06	198.79
On saving accounts (refer note 13)	0.48	0.60	0.36
On Exchange Earner's Foreign Currency accounts (refer note 13)	169.91	187.03	261.86
On deposit account with maturity of less than three months (refer note 13)	21.00	-	71.47
Cash and cash equivalents	**497.51**	**340.83**	**532.63**

Out of the cash and cash equivalent balance as at September 30, 2020, the Company can utilise ₹ 0.12 Million (Corresponding period : ₹ 5.14 Million / Previous year: ₹ 6.62 Million) only towards research and development activities specified in the agreement.

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

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

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

BHARAT KOCHU SHETTY

Digitally signed by BHARAT KOCHU SHETTY
Date: 2020.10.24 20:44:33 +05'30'

Anand Deshpande

Praveen Purushottam Kadle (Oct 24, 2020 12:54 GMT+5.5)

Bharat Shetty
Partner
Membership No.: 106815

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Praveen Kadle
Independent Director
DIN: 00016814

Amit Atre
Amit Atre (Oct 24, 2020 10:20 GMT+5.5)

Sunil Sapre
Sunil Sapre (Oct 24, 2020 11:00 GMT+5.5)

Amit Atre
Company Secretary
Membership No. A20507

Sunil Sapre
Executive Director
and Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date : October 24, 2020

Place: Pune
Date : October 24, 2020

Place: Mumbai
Date : October 24, 2020

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020

A. Equity share capital
(Refer note 4)

(In ₹ Million)

Balance as at April 1, 2020	Changes in equity share capital during the period	Balance as at September 30, 2020
764.25	**-**	**764.25**

(In ₹ Million)

Balance as at April 1, 2019	Changes in equity share capital during the period (refer note 4d)	Balance as at September 30, 2019
791.19	**(26.94)**	**764.25**

(In ₹ Million)

Balance as at April 1, 2019	Changes in equity share capital during the year (refer note 4d)	Balance as at March 31, 2020
791.19	**(26.94)**	**764.25**

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Persistent Systems Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020

B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus						Items of other comprehensive income	Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2020	-	12,227.23	290.51	35.75	49.95	9,861.78	(244.09)	22,221.13
Net profit for the period	-	-	-	-	-	2,391.11	-	2,391.11
Other comprehensive income for the period	-	-	-	-	-	24.26	340.99	365.25
Employee stock compensation expenses	-	-	73.01	-	-	-	-	73.01
Employee stock compensation expenses of subsidiaries	-	-	34.23	-	-	-	-	34.23
Adjustments towards employees stock options	-	-	(95.46)	-	-	-	-	(95.46)
Balance as at September 30, 2020	**-**	**12,227.23**	**302.29**	**35.75**	**49.95**	**12,277.15**	**96.90**	**24,989.27**

(In ₹ Million)

Particulars	Reserves and surplus						Items of other comprehensive income	Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2019	774.10	10,570.73	76.29	8.81	70.00	9,735.72	185.06	21,420.71
Net profit for the period	-	-	-	-	-	1,902.85	-	1,902.85
Other comprehensive income for the period	-	-	-	-	-	(33.80)	(147.90)	(181.70)
Dividend	-	-	-	-	-	(229.28)	-	(229.28)
Tax on dividend	-	-	-	-	-	(47.99)	-	(47.99)
Transfer to capital redemption reserve	-	-	-	26.94	-	(26.94)	-	-
Transitional impact on adoption of Ind AS 116	-	-	-	-	-	(106.44)	-	(106.44)
Employee stock compensation expenses	-	-	22.75	-	-	-	-	22.75
Employee stock compensation expenses of subsidiaries	-	-	70.84	-	-	-	-	70.84
Adjustments towards employees stock options	-	25.61	(25.61)	-	-	-	-	-
Utilised towards buy back of shares (refer note 4d)	(774.10)	-	-	-	-	(875.97)	-	(1,650.07)
Balance at September 30, 2019	**-**	**10,596.34**	**144.27**	**35.75**	**70.00**	**10,318.15**	**37.16**	**21,201.67**

(In ₹ Million)

Particulars	Reserves and surplus						Items of other comprehensive income	Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2019	774.10	10,570.73	76.29	8.81	70.00	9,735.72	185.06	21,420.71
Net profit for the year	-	-	-	-	-	4,077.23	-	4,077.23
Other comprehensive income for the year	-	-	-	-	-	(30.46)	(429.15)	(459.61)
Dividend	-	-	-	-	-	(1,146.38)	-	(1,146.38)
Tax on dividend	-	-	-	-	-	(154.14)	-	(154.14)
Transfer to capital redemption reserve	-	-	-	26.94	-	(26.94)	-	-
Transitional impact on adoption of Ind AS 116	-	-	-	-	-	(106.44)	-	(106.44)
Transfer to Special Economic Zone re-investment reserve	-	-	-	-	(20.05)	20.05	-	-
Transfer to general reserve	-	1,630.89	-	-	-	(1,630.89)	-	-
Employee stock compensation expenses	-	-	60.01	-	-	-	-	60.01
Employee stock compensation expenses of subsidiaries	-	-	179.82	-	-	-	-	179.82
Adjustments towards employees stock options	-	25.61	(25.61)	-	-	-	-	-
Utilised towards buy back of shares (refer note 4d)	(774.10)	-	-	-	-	(875.97)	-	(1,650.07)
Balance at March 31, 2020	**-**	**12,227.23**	**290.51**	**35.75**	**49.95**	**9,861.78**	**(244.09)**	**22,221.13**

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

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

BHARAT KOCHU SHETTY
Digitally signed by BHARAT KOCHU SHETTY
Date: 2020.10.24 20:45:03 +05'30'

Bharat Shetty
Partner
Membership No.: 106815

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

Anand Deshpande

Praveen Purushottam Kadle (Oct 24, 2020 12:54 GMT+5.5)

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Praveen Kadle
Independent Director
DIN: 00016814

Amit Atre
Amit Atre (Oct 24, 2020 10:20 GMT+5.5)

Sunil Sapre
Sunil Sapre (Oct 24, 2020 11:00 GMT+5.5)

Amit Atre
Company Secretary
Membership No. A20507

Sunil Sapre
Executive Director
and Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date : October 24, 2020

Place: Pune
Date : October 24, 2020

Place: Mumbai
Date : October 24, 2020

Nature and purpose of reserves

a) Securities premium
Securities premium 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 period / year and from Share options outstanding reserve on exercise / expiry of employee share options. It is a free reserve in terms of 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) Capital redemption reserve
Capital redemption reserve represents the nominal value of the shares bought back and is created and utilised in accordance with Section 69 of the Companies Act, 2013.

e) 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 Company for acquiring new plant and machinery for the purpose of its business in accordance with Section 10AA(2) of the Income tax Act, 1961.

f) 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 said transaction occurs / hedging instruments are cancelled.

1. Nature of operations

Persistent Systems Limited (the "Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. 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.

2. Basis of preparation

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

Statement of compliance

These condensed interim 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 (the "Act").

3. Summary of significant accounting policies

(a) Use of estimates

The preparation of the condensed interim 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. 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.

Estimation of uncertainties relating to the global health pandemic, COVID-19:
The Company has evaluated the likely impact of COVID–19 on the overall business of the Company. Though it is too early to estimate the same in view of the volatility in the global economic conditions pursuant to this pandemic; the Company as at the date of the approval of these financials, has used various available sources of information to analyse the carrying amount of its financial assets and exposures. The impact of COVID-19 on the Company's condensed interim financial statements may differ from the estimate as on the date of the approval of the condensed interim financial statements.

Expected credit loss:
The Company has considered the current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic, COVID -19 using the forward looking approach prescribed by Ind AS 109.

Impact on unhedged foreign currency exposure:
Based on its assessment, the Company believes that the probability of occurrence of its forecasted transactions are not likely to be impacted by COVID – 19. Hence, the Company continues to believe that there is no foreseeable impact on the effectiveness of its cash flow hedges due to this global pandemic.

Carrying value of financial instruments:
Investments in mutual funds are classified as "Level 1" having fair value marked to an active market which factors in the uncertainties arising out of COVID – 19. These financial assets are mainly investments in liquid securities and no material permanent decline in their carrying value are expected.

Impact on revenue:
The Company continues to re-evaluate the probable revenues from customers in various verticals to assess any possible drops in revenue from any of these verticals due to the economic stress caused by COVID – 19. Accordingly, it is the opinion of the Company that the customers could re-prioritise their discretionary spend in the immediate future to conserve resources.
The impact assessment of COVID – 19 is a continuing process given the uncertainties associated with its nature and duration. The Company has considered the same to the extent known currently and has taken steps to measure the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays and costs in meeting its obligations.

Critical accounting estimates

i. Revenue recognition

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

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

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

ii. Income taxes

The Company's major tax jurisdiction is India, though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

iii. Property, Plant and Equipment

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

iv. Provisions

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

v. Leases

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

(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 Company. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

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

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

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

(d) Depreciation and amortization

Depreciation on Property, Plant and Equipment is provided 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 period / 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 ranging from 3 to 6 years from the day the asset is made available for use.

(e) 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 the statement of profit and 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 asset 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 under other comprehensive income is transferred to the statement of profit and loss when the forecasted transaction occurs or affects the statement of profit and loss or when a hedged transaction is no longer expected to occur.

  Derecognition

  The Company 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 the statement of profit and loss.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to issue of financial liabilities (other than financial assets and 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 the statement of profit and 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 at fair value through profit or loss if the recognition criteria as per Ind AS 109 – "Financial Instruments" are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss. Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Company has not designated any financial liability at FVTPL.

Derecognition

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

iii) Impairment

i) Financial assets

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

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

ii) Non-financial assets

The carrying amounts of Property, Plant and Equipment 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 Company estimates the asset's recoverable amount unless the asset does not generate cash flows that are largely independent of those from other assets. 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 assets under development that is not yet available for use is estimated at least at each financial period end even if there is no indication that the asset is impaired.

(f) Borrowing costs

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

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

(g) Leases

The Company's lease asset classes primarily consist of leases for land and office premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

Where the Company is a lessee

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

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

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

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

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

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

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

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

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

Company as a lessor

At the inception of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income over the lease term on a straight line basis.

(h) 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 Company. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company 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

The company 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.

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

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

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

(ii) Interest

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

(i) Government grants

Government grants are recognized at fair value when there is reasonable assurance that the Company 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.

(j) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

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

Conversion

Foreign currency monetary items are 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 in which they arise.

Translation of foreign operations

The Company presents the condensed interim financial statements in INR which is the functional currency of the 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.

(k) Retirement and other employee benefits

(i) Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the 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 Company has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation 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 the statement of 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 Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

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

(v) Long service awards

Long service awards are other long term benefits to all eligible employees, as per Company's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation 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.

(l) Income taxes

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

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

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

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the period / 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 Company will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the period / year in which the Company 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 Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(m) Segment reporting

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

(n) Earnings per share (EPS)

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

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

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

(o) Provisions

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

(p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

(q) 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.

(r) Employee stock compensation expenses

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

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 Company’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.

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

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4. Share capital

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Authorized shares (No. in million)			
200 (Corresponding period/ Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00	2,000.00
	2,000.00	**2,000.00**	**2,000.00**
Issued, subscribed and fully paid-up shares (No. in million)			
76.43 (Corresponding period/ Previous year: 76.43 equity shares of ₹ 10 each) equity shares of ₹ 10 each	764.25	764.25	764.25
Issued, subscribed and fully paid-up share capital	**764.25**	**764.25**	**764.25**

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 September 30, 2020		As at September 30, 2019		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Number of shares a the beginning of the period/year	76.43	764.25	79.12	791.19	79.12	791.19
Less: Shares bought back	-	-	2.69	26.94	2.69	26.94
Number of shares at the end of the period/ year	**76.43**	**764.25**	**76.43**	**764.25**	**76.43**	**764.25**

b) Terms / rights attached to equity shares

The Company 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 Company declares and pays dividends in Indian rupees.

The Company declares and pays dividends in Indian rupees. The Finance Act, 2020 in India has repealed Dividend Distribution Tax (DDT). The Companies are now required to pay/ distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates as per Finance Act, 2020.

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

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 September 30, 2020 No in Million	For the period of five years ended September 30, 2019 No in Million	For the period of five years ended March 31, 2020 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	3.575	3.575	3.575

d) Buyback of Equity Shares of the Company:

The Board of Directors, at its meeting in January 2019, had approved the buyback of the 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 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 buyback was offered to all eligible equity shareholders of the Company (other than the Promoters, the Promoter Group and Persons in Control of the Company) under the open market route through the stock exchanges. The buyback of equity shares through the stock exchange commenced on February 8, 2019 and was completed on June 27, 2019. During this buyback period the Company had purchased and extinguished a total of 3,575,000 equity shares from the stock exchange at an average buy back price of ₹628.93/- per equity share comprising 4.47% of the pre buyback paid-up equity share capital of the Company. The buyback resulted in a cash outflow of ₹2,248.42 million (excluding transaction costs). The Company funded the buyback from utilization of its securities premium and free reserves. The total number of equity shares outstanding as on date, post buyback stands at 76,425,000.

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

Name of the shareholder*	As at September 30, 2020		As at September 30, 2019		As at March 31, 2020	
	No. in million	% Holding	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.95	30.04	22.95	30.04	22.95	30.04
Schemes of HDFC Mutual Fund	5.79	7.58	3.75	4.91	6.53	8.54

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

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Notes forming part of Condensed Interim Financial Statements

5.1 Property, plant and equipment

(In ₹ Million)

	Freehold land	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2020	206.92	2,387.06	1,851.34	53.58	1,377.38	21.12	521.31	7.24	6,425.95
Additions	-	0.54	131.09	5.94	16.49	-	27.20	-	181.26
Disposals	-	-	6.64	-	4.99	0.33	0.87	-	12.83
As at September 30, 2020	**206.92**	**2,387.60**	**1,975.79**	**59.52**	**1,388.88**	**20.79**	**547.64**	**7.24**	**6,594.38**
Accumulated depreciation									
As at April 1, 2020	-	1,061.11	1,548.74	50.93	1,190.54	19.32	502.49	4.05	4,377.18
Charge for the period	-	48.33	100.80	1.50	25.67	0.71	7.87	0.47	185.35
Disposals	-	-	2.59	-	4.89	0.25	0.76	-	8.49
As at September 30, 2020	**-**	**1,109.44**	**1,646.95**	**52.43**	**1,211.32**	**19.78**	**509.60**	**4.52**	**4,554.04**
Net block									
As at September 30, 2020	**206.92**	**1,278.16**	**328.84**	**7.09**	**177.56**	**1.01**	**38.04**	**2.72**	**2,040.34**
As at March 31, 2020	**206.92**	**1,325.95**	**302.60**	**2.65**	**186.84**	**1.80**	**18.82**	**3.19**	**2,048.77**

5.2 Right of use assets

(In ₹ Million)

	Office premises	Leasehold land	Total
Gross block (At cost)			
As at April 1, 2020	358.91	37.50	396.41
Additions	156.55	-	156.55
Disposals	55.04	-	55.04
As at September 30, 2020	**460.42**	**37.50**	**497.92**
Accumulated depreciation			
As at April 1, 2020	126.41	0.60	127.01
Charge for the period	58.43	0.29	58.72
Disposals	35.01	-	35.01
As at September 30, 2020	**149.83**	**0.89**	**150.72**
Net block			
As at September 30, 2020	**310.59**	**36.61**	**347.20**
As at March 31, 2020	**232.50**	**36.90**	**269.40**

(In ₹ Million)

	Office premises	Leasehold land	Total
Gross block (At cost)			
As at April 1, 2019	-	-	-
Additions (Transitional impact on adoption of Ind AS 116)	358.91	37.50	396.41
As at September 30, 2019	**358.91**	**37.50**	**396.41**
Accumulated depreciation			
As at April 1, 2019	-	-	-
Charge for the period	63.24	0.31	63.55
As at September 30, 2019	**63.24**	**0.31**	**63.55**
Net block			
As at September 30, 2019	**295.67**	**37.19**	**332.86**

Notes forming part of Condensed Interim Financial Statements

5.1 Property, plant and equipment

(In ₹ Million)

	Freehold land	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2019	206.92	2,387.00	1,684.93	53.22	1,376.04	21.12	515.09	8.44	6,252.76
Additions	-	0.30	164.30	0.40	25.36	-	8.32	-	198.68
Disposals	-	-	51.30	0.03	11.49	-	2.54	-	65.36
As at September 30, 2019	**206.92**	**2,387.30**	**1,797.93**	**53.59**	**1,389.91**	**21.12**	**520.87**	**8.44**	**6,386.08**
Accumulated depreciation									
As at April 1, 2019	-	964.75	1,460.02	48.77	1,144.38	17.88	482.47	4.23	4,122.50
Charge for the period	-	48.23	80.10	1.19	36.16	0.72	10.48	0.55	177.43
Disposals	-	-	51.18	0.03	11.49	-	2.54	-	65.24
As at September 30, 2019	**-**	**1,012.98**	**1,488.94**	**49.93**	**1,169.05**	**18.60**	**490.41**	**4.78**	**4,234.69**
Net block									
As at September 30, 2019	**206.92**	**1,374.32**	**308.99**	**3.66**	**220.86**	**2.52**	**30.46**	**3.66**	**2,151.39**
As at March 31, 2019	**206.92**	**1,422.25**	**224.91**	**4.45**	**231.66**	**3.24**	**32.62**	**4.21**	**2,130.26**

(In ₹ Million)

	Freehold land	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2019	206.92	2,387.00	1,684.93	53.22	1,376.04	21.12	515.09	8.44	6,252.76
Additions	-	0.06	248.42	0.39	25.29	-	9.06	-	283.22
Disposals	-	-	82.01	0.03	23.95	-	2.84	1.20	110.03
As at March 31, 2020	**206.92**	**2,387.06**	**1,851.34**	**53.58**	**1,377.38**	**21.12**	**521.31**	**7.24**	**6,425.95**
Accumulated depreciation									
As at April 1, 2019	-	964.75	1,460.02	48.77	1,144.38	17.88	482.47	4.23	4,122.50
Charge for the year	-	96.36	170.46	2.19	66.30	1.44	22.86	1.02	360.63
Disposals	-	-	81.74	0.03	20.14	-	2.84	1.20	105.95
As at March 31, 2020	**-**	**1,061.11**	**1,548.74**	**50.93**	**1,190.54**	**19.32**	**502.49**	**4.05**	**4,377.18**
Net block									
As at March 31, 2020	**206.92**	**1,325.95**	**302.60**	**2.65**	**186.84**	**1.80**	**18.82**	**3.19**	**2,048.77**
As at March 31, 2019	**206.92**	**1,422.25**	**224.91**	**4.45**	**231.66**	**3.24**	**32.62**	**4.21**	**2,130.26**

5.2 Right of use assets

(In ₹ Million)

	Office premises	Leasehold land	Total
Office premises			
Gross block (At cost)			
As at April 1, 2019	-	-	-
Additions (Transitional impact on adoption of Ind AS 116)	358.91	37.50	396.41
As at March 31, 2020	**358.91**	**37.50**	**396.41**
Accumulated depreciation			
As at April 1, 2019	-	-	-
Charge for the year	126.41	0.60	127.01
As at March 31, 2020	**126.41**	**0.60**	**127.01**
Net block			
As at March 31, 2020	**232.50**	**36.90**	**269.40**

Notes forming part of Condensed Interim Financial Statements

5.3 Other Intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2020	743.67	261.74	1,005.41
Additions	154.36	-	154.36
As at September 30, 2020	**898.03**	**261.74**	**1,159.77**
Accumulated amortization			
As at April 1, 2020	696.70	261.74	958.44
Charge for the period	26.80	-	26.80
As at September 30, 2020	**723.50**	**261.74**	**985.24**
Net block			
As at September 30, 2020	**174.53**	**-**	**174.53**
As at March 31, 2020	**46.97**	**-**	**46.97**

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2019	713.08	261.74	974.82
Additions	16.28	-	16.28
As at September 30, 2019	**729.36**	**261.74**	**991.10**
Accumulated amortization			
As at April 1, 2019	629.22	261.74	890.96
Charge for the period	37.73	-	37.73
As at September 30, 2019	**666.95**	**261.74**	**928.69**
Net block			
As at September 30, 2019	**62.41**	**-**	**62.41**
As at March 31, 2019	**83.86**	**-**	**83.86**

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2019	713.08	261.74	974.82
Additions	30.59	-	30.59
As at March 31, 2020	**743.67**	**261.74**	**1,005.41**
Accumulated amortization			
As at April 1, 2019	629.22	261.74	890.96
Charge for the year	67.48	-	67.48
As at March 31, 2020	**696.70**	**261.74**	**958.44**
Net block			
As at March 31, 2020	**46.97**	**-**	**46.97**
As at March 31, 2019	**83.86**	**-**	**83.86**

5.4 Depreciation and amortization expense

(In ₹ Million)

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
On Property, Plant and Equipment	95.51	91.12	185.35	177.43	360.63
On Other intangible assets	14.56	18.18	26.80	37.73	67.48
On Right of use assets	28.99	31.95	58.72	63.55	127.01
	139.06	**141.25**	**270.87**	**278.71**	**555.12**

Notes forming part of Condensed Interim Financial Statements

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

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Investments carried at cost			
Unquoted investments			
Investments in equity instruments			
- In wholly owned subsidiary companies (Refer note 31)			
Persistent Systems, Inc.			
402 million (Corresponding period / Previous year : 402 million) shares of USD 0.10 each, fully paid up	2,478.01	2,478.01	2,478.01
	2,478.01	2,478.01	2,478.01
Persistent Systems Pte Ltd.			
0.50 million (Corresponding period / Previous year: 0.50 million) shares of SGD 1 each, fully paid up	15.50	15.50	15.50
	15.50	15.50	15.50
Persistent Systems France SAS			
1.50 million (Corresponding period / Previous year: 1.50 million) shares of EUR 1 each, fully paid up	97.47	97.47	97.47
	97.47	97.47	97.47
Persistent Systems Malaysia Sdn. Bhd.			
5.45 million (Corresponding period / Previous year: 5.45 million) shares of MYR 1 each, fully paid up	102.25	102.25	102.25
	102.25	102.25	102.25
Persistent Systems Germany GmbH			
11.6527 million (Corresponding period 11.6527 million /Previous year: 11.6527 million) shares of EUR 1 each, fully paid up	1,265.91	1,265.91	1,265.91
	1,265.91	1,265.91	1,265.91
-In associates			
Klisma e-Services Private Limited [Holding 50% (Corresponding period / Previous year: 50%)]			
0.005 million (Corresponding period / Previous year : 0.005 million) shares of ₹ 10 each, fully paid up	0.05	0.05	0.05
Less : Impairment	(0.05)	(0.05)	(0.05)
	-	-	-
Total investments carried at cost (A)	3,959.14	3,959.14	3,959.14
Investments carried at amortised cost			
Quoted Investments			
In bonds	2,530.55	1,928.04	2,171.52
[Market value ₹ 2,778.64 million (Corresponding period ₹ 2,051.77 million / Previous year: ₹ 2,236.81 million)]			
Add: Interest accrued on bonds	113.52	95.36	68.69
Total investments carried at amortised cost (B)	**2,644.07**	**2,023.40**	**2,240.21**
Designated as fair value through profit and loss			
Quoted Investments			
- Investments in mutual funds			
Fair value of long term mutual funds (Refer Note 6a)	1,055.39	1,441.68	2,174.51
	1,055.39	1,441.68	2,174.51
Unquoted Investments			
-Others*			
Altizon Systems Private Limited			
3,766 equity shares (Corresponding period / Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up	6.00	6.00	6.00
	6.00	6.00	6.00
Total investments carried at fair value (C)	1,061.39	1,447.68	2,180.51
Total investments (A) + (B) + (C)	7,664.60	7,430.22	8,379.86
Aggregate provision for diminution in value of investments	0.05	0.05	0.05
Aggregate amount of quoted investments	3,699.46	3,465.08	4,414.72
Aggregate amount of unquoted investments	3,965.19	3,965.19	3,965.19

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

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Notes forming part of Condensed Interim Financial Statements

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

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Axis Mutual Fund	537.74	523.61	898.93
IDFC Mutual Fund	409.29	263.39	630.06
UTI Mutual Fund	36.73	101.51	105.73
Kotak Mutual Fund	36.42	136.30	105.86
Sundaram Mutual Fund	35.21	31.75	33.15
ICICI Prudential Mutual Fund	-	135.87	141.38
DSP Mutual Fund	-	33.64	35.00
PGIM India Mutual Fund (formerly known as DHFL Pramerica Mutual Fund)	-	33.60	35.03
Aditya Birla Sun Life Mutual Fund	-	79.43	82.65
SBI Mutual Fund	-	68.33	71.06
HDFC Mutual Fund	-	34.25	35.66
	1,055.39	**1,441.68**	**2,174.51**

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Notes forming part of Condensed Interim Financial Statements

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

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Carried at amortised cost			
Security deposit			
Unsecured, considered good	101.45	118.50	123.57
	101.45	**118.50**	**123.57**
Other loans and advances			
Inter corporate deposits			
Unsecured, credit impaired	0.58	0.58	0.58
	0.58	0.58	0.58
Less: Impairment	(0.58)	(0.58)	(0.58)
	-	-	-
	101.45	**118.50**	**123.57**

8. Other non-current financial assets (refer note 30)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Non-current bank balances (Refer note 14)	132.96	255.21	344.55
Add: Interest accrued but not due on non-current bank deposits	10.70	1.76	14.38
Non-current deposits with banks (Carried at amortised cost)	**143.66**	**256.97**	**358.93**
Deposit with financial institutions	430.00	430.00	430.00
Add: Interest accrued but not due on deposit with financial institutions	0.98	0.98	0.98
Less: Credit impaired	(430.98)	(332.50)	(430.98)
Non-current deposits with financial institutions (Carried at amortised cost)	**-**	**98.48**	**-**
	143.66	**355.45**	**358.93**

9. Deferred tax assets (net)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Deferred tax liabilities			
Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets	25.44	24.48	24.30
Capital gains (net)	57.14	56.41	76.67
Others	-	12.50	12.58
	82.58	**93.39**	**113.55**
Deferred tax assets			
Provision for leave encashment	70.83	53.91	47.15
Provision for long service awards	61.45	46.85	51.38
Provision for doubtful debts	45.55	30.63	33.45
Tax credit	59.43	58.79	67.69
Right of use asset and lease liability	27.36	34.52	31.86
Others	84.70	92.49	199.37
	349.32	**317.19**	**430.90**
Deferred tax assets (net)	**266.74**	**223.80**	**317.35**

10. Other non current assets

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Capital advances (Unsecured, considered good)	14.72	-	27.14
Advances recoverable in cash or kind or for value to be received	8.44	14.09	5.70
Balances with government authorities (refer note 32)	296.55	296.55	296.55
	319.71	**310.64**	**329.39**

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Notes forming part of Condensed Interim Financial Statements

11. Current financial assets : Investments (refer note 30)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Designated as fair value through profit and loss			
- Quoted investments			
Investments in mutual funds			
Fair value of current mutual funds (Refer Note 11a)	4,933.32	1,522.23	5,164.77
	4,933.32	**1,522.23**	**5,164.77**
Total carrying amount of investments	**4,933.32**	**1,522.23**	**5,164.77**
Aggregate amount of quoted investments	**4,933.32**	**1,522.23**	**5,164.77**
Aggregate amount of unquoted investments	-	-	-

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Notes forming part of Condensed Interim Financial Statements

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

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
ICICI Prudential Mutual Fund	919.68	312.61	940.50
Aditya Birla Sun Life Mutual Fund	864.50	600.24	973.04
Axis Mutual Fund	716.06	-	396.02
UTI Mutual Fund	634.87	81.28	809.46
Kotak Mutual Fund	488.31	171.50	421.51
IDFC Mutual Fund	444.61	100.38	640.78
HDFC Mutual Fund	441.44	180.61	185.88
DSP Mutual Fund	261.27	-	-
SBI Mutual Fund	74.07	-	-
L&T Mutual Fund	52.04	15.00	734.90
DHFL Pramerica Mutual Fund	36.47	-	-
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	-	60.61	62.68
	4,933.32	**1,522.23**	**5,164.77**

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Notes forming part of Condensed Interim Financial Statements

12. Trade receivables (refer note 30)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Unsecured, considered good*	2,642.65	2,378.14	2,883.09
Unsecured, credit impaired*	180.99	104.35	132.91
	2,823.64	**2,482.49**	**3,016.00**
Less : Allowance for credit loss	(180.99)	(104.35)	(132.91)
	2,642.65	**2,378.14**	**2,883.09**
	2,642.65	**2,378.14**	**2,883.09**

*includes dues from related parties (refer note 31)

13. Cash and cash equivalents (refer note 30)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Cash and cash equivalents as presented in cash flow statement			
Cash on hand	0.15	0.14	0.15
Balances with banks			
On current accounts#	305.97	153.06	198.79
On saving accounts	0.48	0.60	0.36
On Exchange Earner's Foreign Currency accounts	169.91	187.03	261.86
On deposit accounts with original maturity less than three months	21.00	-	71.47
	497.51	**340.83**	**532.63**

Out of the cash and cash equivalent balance as at September 30, 2020, the Company can utilise ₹ 0.12 Million (Corresponding period : ₹ 5.14 Million / Previous year: ₹ 6.62 Million) only towards research and development activities specified in the agreement.

14. Other bank balances (refer note 30)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Deposits with banks*	6,403.45	5,680.85	2,643.65
Add: Interest accrued but not due on deposits with banks	168.53	212.71	116.55
Deposits with banks (Carried at amortised cost)	**6,571.98**	**5,893.56**	**2,760.20**
Less: Deposit with maturity more than twelve months from the Balance Sheet date disclosed under non-current financial assets (Refer note 8)	(132.96)	(255.21)	(344.55)
Less: Interest accrued but not due on non-current deposits with banks (Refer note 8)	(10.70)	(1.76)	(14.38)
	6,428.32	**5,636.59**	**2,401.27**
Balances with banks on unpaid dividend accounts**	2.72	2.42	4.05
	6,431.04	**5,639.01**	**2,405.32**

* Out of the balance, fixed deposits of ₹ 673.71 million (Corresponding period : ₹ 1,838.34 million / Previous year : ₹ 71.10 million) have been earmarked against credit facilities and bank guarantees availed by the Company.

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

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Notes forming part of Condensed Interim Financial Statements

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

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Carried at amortised cost			
Loan to related parties (refer note 31)			
Unsecured, credit impaired			
- Klisma e-Services Private Limited	27.43	27.43	27.43
	27.43	27.43	27.43
Less: Impairment	(27.43)	(27.43)	(27.43)
	-	-	-
Security deposits			
Unsecured, considered good	7.16	4.83	4.76
	7.16	**4.83**	**4.76**
	7.16	**4.83**	**4.76**

16. Other current financial assets (refer note 30)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Fair value of derivatives designated and effective as hedging instruments			
Forward contracts receivable	134.54	107.94	-
Advances to related parties (Unsecured, considered good) (refer note 31)			
Persistent Systems, Inc.	13.40	116.11	63.08
Persistent Systems Pte Ltd.	-	0.59	-
Persistent Systems France SAS	6.04	0.49	6.71
Persistent Telecom Solutions Inc.	3.18	4.60	3.05
Persistent Systems Malaysia Sdn. Bhd.	0.22	0.14	0.15
Persistent Systems Lanka (Private) Limited	3.00	2.67	2.67
Aepona Limited	-	0.10	-
PARX Consulting GmbH	0.10	-	0.04
Persistent Systems Israel Ltd.	0.92	0.75	1.05
Persistent Systems Mexico, S.A. de C.V	1.43	1.06	1.12
Youperience GmbH	0.08	-	0.05
Youperience Limited	1.96	-	-
PARX Werk AG	1.88	-	1.79
Persistent Systems Germany GmbH	0.65	0.61	0.31
	32.86	**127.12**	**80.02**
Advances to related parties (Unsecured, credit impaired) (refer note 31)			
Klisma e-Services Private Limited	0.81	0.81	0.81
Less: Impairment of current financial assets	(0.81)	(0.81)	(0.81)
	-	-	-
Unbilled revenue	1,955.30	1,808.58	2,000.05
	2,122.70	**2,043.64**	**2,080.07**

17. Other current assets

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Advances to suppliers (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	463.32	396.34	460.97
Excess fund balance with Life Insurance Corporation	129.57	131.58	128.54
Other advances (Unsecured, considered good)			
VAT receivable (net)	14.50	37.22	31.50
Service tax and GST receivable (net) (refer note 32)	1,054.56	901.97	864.36
	1,069.06	**939.19**	**895.86**
	1,661.95	**1,467.11**	**1,485.37**

Notes forming part of Condensed Interim Financial Statements

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

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Unsecured Borrowings carried at amortised cost			
Term loans			
Indian rupee loan from others	8.75	13.34	11.93
Interest accrued but not due on term loans	0.01	0.01	0.18
	8.76	**13.35**	**12.11**
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (Refer note 22)	(3.21)	(2.73)	(4.85)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (Refer note 22)	(0.01)	(0.01)	(0.18)
	(3.22)	**(2.74)**	**(5.03)**
	5.54	**10.61**	**7.08**

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

Loan I - amounting to ₹ 1.34 million (Corresponding Period: ₹ 4.10 million / Previous year ₹ 2.69 million) with interest payable @ 2% per annum has been guaranteed by a bank guarantee by the Company and is repayable in ten equal semi annual instalments over a period of five years commencing from September 2016.

Loan II - amounting to ₹7.41 million (Corresponding Period: ₹ 9.24 million / Previous year ₹ 9.24 million) with Interest payable @ 3% per annum repayable in ten equal annual instalments over a period of ten years commencing from October 2015.

19. Non current liabilities : Provisions

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Provision for employee benefits			
- Long service awards	225.80	168.76	182.79
	225.80	**168.76**	**182.79**

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Notes forming part of Condensed Interim Financial Statements

20. Lease Liabilities (refer note 30)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Lease liabilities	417.28	431.74	356.64
Less: Current portion of lease liabilities	(162.34)	(182.69)	(165.38)
	254.94	**249.05**	**191.26**

Movement of lease liabilities

	For the half year ended		For the year ended
	September 30, 2020 In ₹ Million	September 30, 2019 In ₹ Million	March 31, 2020 In ₹ Million
Opening balance	356.64	-	-
Additions (Transitional impact on adoption of Ind AS 116)	-	501.15	501.15
Additions	156.55	-	-
Deletions	23.23	-	-
Add: Interest recognised during the period / year (refer note 34)	18.43	23.69	43.86
Less: Payments made	(91.11)	(93.10)	(188.37)
Closing balance	**417.28**	**431.74**	**356.64**

21. Trade payables (refer note 30)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Trade payables for goods and services* [(dues of micro and small enterprises ₹ 8.38 million (Corresponding period: ₹ 1.34 million/ Previous year: ₹ 5.15 million)]	824.85	736.44	972.49
	824.85	**736.44**	**972.49**

*Includes dues payables to related parties (refer note 31)

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

22. Other current financial liabilities (refer note 30)

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Capital creditors	26.06	32.08	36.23
Current maturity of long term-borrowings (refer note 18)	3.21	2.73	4.85
Current maturity of interest on long-term borrowings (refer note18)	0.01	0.01	0.18
Accrued employee liabilities	109.16	75.67	105.64
Unpaid dividend *	2.72	2.42	4.05
Other liabilities	-	7.96	4.40
Fair value of derivatives designated and effective as hedging instruments			
Forward contracts payable	-	-	387.89
Advance from related parties (refer note 31)			
Persistent Systems Pte Ltd	2.68	-	2.77
PARX Werk AG	2.82	-	2.55
Aepona Limited	0.16	-	1.17
	5.66	**-**	**6.49**
	146.82	**120.87**	**549.73**

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

23. Other current liabilities

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Unearned revenue	171.02	147.84	135.88
Advance from customers (refer note 31)	524.60	307.59	558.34
Other payables			
- Statutory liabilities	176.91	160.64	146.89
- Other liabilities*	-	6.03	9.91
	872.53	**622.10**	**851.02**

24. Current liabilities : Provisions

	As at September 30, 2020 In ₹ Million	As at September 30, 2019 In ₹ Million	As at March 31, 2020 In ₹ Million
Provision for employee benefits			
- Leave encashment	281.44	214.19	187.35
- Long service awards	18.35	17.38	21.35
- Other employee benefits	524.42	183.84	381.68
	824.21	**415.41**	**590.38**

Notes forming part of Condensed Interim Financial Statements

25. Revenue from operations (net) (refer note 31)

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Software services	5,845.65	4,973.13	11,394.82	9,826.15	20,775.56
Software licenses	116.13	43.96	128.34	144.89	305.66
	5,961.78	**5,017.09**	**11,523.16**	**9,971.04**	**21,081.22**

26. Other income

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Interest income					
On deposits carried at amortised cost	86.59	101.03	171.27	188.43	373.29
On others	41.06	32.78	80.30	76.98	152.47
Foreign exchange (loss) / gain (net)	(3.16)	132.88	(83.44)	227.14	274.26
Profit on sale of Property, Plant and Equipmer	3.23	0.77	3.25	0.94	-
Dividend income from investments*	-	197.29	94.56	207.83	410.72
Profit on sale of investments (net)	86.38	15.36	377.56	144.17	164.81
Net (loss)/ gain arising on financial assets designated at FVTPL	(18.58)	49.91	(174.19)	(20.47)	119.02
Miscellaneous income	11.70	28.92	31.67	40.97	104.47
	207.22	**558.94**	**500.98**	**865.99**	**1,599.04**

*Includes dividends received from investments in wholly owned subsidiaries (refer note 31)

27. Personnel expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
27.1 Employee benefits expense					
Salaries, wages and bonus	2,985.82	2,635.18	5,810.89	4,880.50	10,178.10
Contribution to provident and other funds	159.63	(76.58)	291.30	71.02	372.96
Staff welfare and benefits	69.24	101.20	147.15	204.59	417.99
Share based payments to employees	50.40	19.71	73.01	22.75	60.01
	3,265.09	**2,679.51**	**6,322.35**	**5,178.86**	**11,029.06**
27.2 Cost of professionals					
- Related parties (refer note 31)	404.77	417.48	735.88	853.95	1,565.67
- Others	78.99	60.94	125.58	114.49	259.70
	483.76	**478.42**	**861.46**	**968.44**	**1,825.37**
	3,748.85	**3,157.93**	**7,183.81**	**6,147.30**	**12,854.43**

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Notes forming part of Condensed Interim Financial Statements

28. Other expenses*

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	8.01	80.53	34.74	169.31	338.29
Electricity expenses (net)	18.98	23.96	33.25	51.43	97.02
Internet link expenses	6.34	13.66	27.61	26.52	48.83
Communication expenses	31.02	17.40	52.63	35.87	72.52
Recruitment expenses	12.79	16.62	20.43	33.22	69.43
Training and seminars	6.20	2.82	12.57	5.90	22.82
Purchase of software licenses and support expenses	184.79	157.97	373.75	331.62	852.77
Provision for doubtful debts (net)	12.34	20.03	47.56	29.90	47.31
Rent	19.86	5.07	42.32	31.01	68.33
Insurance	7.63	6.90	15.95	12.28	25.91
Rates and taxes	21.71	8.03	28.64	26.44	49.17
Legal and professional fees	35.99	45.63	78.59	105.05	187.49
Repairs and maintenance					
- Plant and Machinery	16.84	32.80	45.37	56.75	109.12
- Buildings	6.19	5.11	10.70	12.18	21.32
- Others	7.97	4.67	13.51	9.49	18.21
Selling and marketing expenses	175.33	168.00	332.49	341.00	660.03
Fees for sales enablement services	-	189.43	-	353.48	627.90
Advertisement, conference and sponsorship fees	1.20	0.83	1.54	4.25	23.02
Computer consumables	0.66	1.36	0.76	2.53	4.47
Auditor's remuneration	1.99	3.07	3.24	5.48	10.26
Donations	65.00	18.80	126.91	37.60	86.11
Books, memberships, subscriptions	2.75	6.56	6.65	11.59	22.42
Provision for doubtful deposits (refer note 33)	-	50.00	-	150.00	248.48
Loss on sale of Property, Plant and Equipment (net)	-	-	-	-	5.50
Directors' sitting fees	1.67	1.12	2.66	3.52	6.58
Directors' commission	2.54	3.60	5.50	7.65	14.85
Miscellaneous expenses	29.20	37.86	63.73	74.75	158.98
	677.00	**921.83**	**1,381.10**	**1,928.82**	**3,897.14**

* includes expenses incurred with related parties (refer note 31)

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Notes forming part of Condensed Interim Financial Statements

29. Earnings per share

		For the quarter ended		For the half year ended		For the year ended
		September 30, 2020	**September 30, 2019**	**September 30, 2020**	**September 30, 2019**	**March 31, 2020**
Numerator for Basic and Diluted EPS						
Net Profit after tax (In ₹ Million)	(A)	1,176.35	1,068.46	2,391.11	1,902.85	4,077.23
Denominator for Basic EPS						
Weighted average number of equity shares	(B)	7,64,25,000	7,64,25,000	7,64,25,000	7,69,44,344	7,66,84,672
Denominator for Diluted EPS						
Number of equity shares	(C)	7,64,25,000	7,64,25,000	7,64,25,000	7,69,44,344	7,66,84,672
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	**15.39**	**13.98**	**31.29**	**24.73**	**53.17**
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	**15.39**	**13.98**	**31.29**	**24.73**	**53.17**

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2020	**September 30, 2019**	**September 30, 2020**	**September 30, 2019**	**March 31, 2020**
Number of shares considered as basic weighted average shares outstanding	7,64,25,000	7,64,25,000	7,64,25,000	7,69,44,344	7,66,84,672
Add: Effect of dilutive issues of stock options	-	-	-	-	-
Number of shares considered as weighted average shares and potential shares outstanding	**7,64,25,000**	**7,64,25,000**	**7,64,25,000**	**7,69,44,344**	**7,66,84,672**

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Notes forming part of Condensed Interim Financial Statements

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 September 30, 2020		As at September 30, 2019		As at March 31, 2020		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	
Assets:								
Investments in subsidiaries and associates (net)	Cost	3,959.14	3,959.14	3,959.14	3,959.14	3,959.14	3,959.14	
Investments in equity instruments	Fair value	6.00	6.00	6.00	6.00	6.00	6.00	Level 3
Investments in bonds*	Amortised cost	2,644.07	2,778.64	2,023.40	2,051.77	2,240.21	2,236.81	
Investments in mutual funds	Fair value	5,988.71	5,988.71	2,963.91	2,963.91	7,339.28	7,339.28	Level 1
Loans	Amortised cost	108.61	108.61	123.33	123.33	128.33	128.33	
Deposit with banks and financial institutions (including interest accrued but not due on deposits with banks)	Amortised cost	6,571.98	6,571.98	5,992.04	5,992.04	2,760.20	2,760.20	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	500.23	500.23	343.25	343.25	536.68	536.68	
Trade receivables (net)	Amortised cost	2,642.65	2,642.65	2,378.14	2,378.14	2,883.09	2,883.09	
Forward contracts receivable	Fair value	134.54	134.54	107.94	107.94	-	-	Level 2
Unbilled revenue	Amortised cost	1,955.30	1,955.30	1,808.58	1,808.58	2,000.05	2,000.05	
Other current financial assets	Amortised cost	32.86	32.86	127.12	127.12	80.02	80.02	
Total		**24,544.09**	**24,678.66**	**19,832.85**	**19,861.22**	**21,933.00**	**21,929.60**	
Liabilities:								
Borrowings (including accrued interest)	Amortised cost	8.76	8.76	13.35	13.35	12.11	12.11	
Trade payables and deferred payment liabilities	Amortised cost	824.85	824.85	736.44	736.44	972.49	972.49	
Other financial liabilities (excluding borrowings)	Amortised cost	398.54	398.54	367.18	367.18	348.07	348.07	
Forward contracts payable	Fair value	-	-	-	-	387.89	387.89	Level 2
Total		**1,232.15**	**1,232.15**	**1,116.97**	**1,116.97**	**1,720.56**	**1,720.56**	

* 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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Notes forming part of Condensed Interim Financial Statements

31. (i) Significant related party transactions (excluding transactions with Key Management personnel and their relatives)

(In ₹ Million)

	Name of the related party and nature of relationship	For the quarter ended		For the half year ended		For the year ended
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
Sale of software services	**Subsidiaries**					
	Persistent Systems, Inc.	2,062.70	1,637.39	3,986.00	3,218.43	6,917.59
	Other subsidiaries	113.44	92.48	200.83	192.70	379.68
	Entity over which a key management personnel has significant influence					
	Deazzle Services Private Limited	-	2.00	-	4.90	7.47
	Total	**2,176.14**	**1,731.87**	**4,186.83**	**3,416.03**	**7,304.74**
Fees for sales & marketing services	**Subsidiaries**					
	Persistent Systems, Inc.	-	-	-	-	20.77
	Total	**-**	**-**	**-**	**-**	**20.77**
Cost of professionals (excluding reimbursement of expenses)	**Subsidiaries**					
	Persistent Systems, Inc.	317.47	322.90	573.06	646.30	1,175.54
	Other subsidiaries	87.30	94.58	162.82	207.65	390.13
	Total	**404.77**	**417.48**	**735.88**	**853.95**	**1,565.67**
Legal and professional fees	**Subsidiaries**					
	Other subsidiaries	-	-	-	-	0.34
	Entity over which a key management personnel has significant influence					
	Azure Associates, LLC	-	5.42	-	10.55	10.63
	Total	**-**	**5.42**	**-**	**10.55**	**10.97**
Recovery of cost of assets	**Subsidiaries**					
	Persistent Systems, Inc.	-	-	-	-	17.29
	Total	**-**	**-**	**-**	**-**	**17.29**
Purchase of Software	**Subsidiaries**					
	Persistent Systems, Inc.	0.63	0.29	0.72	5.08	17.94
	Other subsidiaries	0.56	-	3.26	-	3.54
	Total	**1.19**	**0.29**	**3.98**	**5.08**	**21.48**
Selling and marketing expenses	**Subsidiaries**					
	Persistent Systems, Inc.	175.33	160.52	332.49	318.06	627.44
	Other subsidiaries	-	6.83	-	22.27	31.00
	Total	**175.33**	**167.35**	**332.49**	**340.33**	**658.44**
Fees for sales enablement services	**Subsidiaries**					
	Persistent Systems, Inc.	-	189.43	-	353.48	614.52
	Other subsidiaries	-	-	-	-	13.38
	Total	**-**	**189.43**	**-**	**353.48**	**627.90**
Commission received on corporate guarantee	**Subsidiaries**					
	Persistent Systems, Inc.	1.34	1.37	1.73	1.87	2.80
	Total	**1.34**	**1.37**	**1.73**	**1.87**	**2.80**
Dividend Income	**Subsidiaries**					
	Persistent Systems Pte Ltd	-	63.83	33.44	63.83	180.37
	Persistent Systems Malaysia Sdn. Bhd.	-	133.99	61.12	133.99	220.31
	Total	**-**	**197.82**	**94.56**	**197.82**	**400.68**
Reimbursement of expenses received	**Subsidiaries**					
	Persistent Systems, Inc.	-	-	0.71	-	19.44
	Other subsidiaries	-	-	-	-	0.03
	Total	**-**	**-**	**0.71**	**-**	**19.47**
Travelling and conveyance	**Subsidiaries**					
	Persistent Systems, Inc.	-	0.73	-	0.73	1.08
	Other subsidiaries	-	-	-	-	0.46
	Total	**-**	**0.73**	**-**	**0.73**	**1.54**
Investment in wholly owned subsidiary (including Shares pending allotment)	**Subsidiaries**					
	Persistent Systems Germany GmbH	-	-		474.00	552.72
	Total	**-**	**-**	**-**	**474.00**	**552.72**
Payment of liability on behalf of	**Subsidiaries**					
	Persistent Systems, Inc.	-	-	42.42	-	67.60
	Total	**-**	**-**	**42.42**	**-**	**67.60**
Employee stock compensation	**Subsidiaries**					
	Persistent Systems, Inc.	-	-	34.48	-	179.82
	Total	**-**	**-**	**34.48**	**-**	**179.82**
Donation given	**Entity over which a key management personnel has significant influence**					
	Persistent Foundation	45.00	18.80	105.00	37.60	79.21
		45.00	**18.80**	**105.00**	**37.60**	**79.21**

\# These transactions are disclosed at the exchange rates prevailing on the date of transaction.

(ii) Significant outstanding balances

	Name of the related party and nature of relationship	As at		
		September 30, 2020	September 30, 2019	March 31, 2020
Trade receivables	**Subsidiaries**			
	Persistent Systems, Inc.	241.20	222.62	216.89
	Other subsidiaries	146.52	31.19	128.11
	Entity over which a key management personnel has significant influence			
	Deazzle Services Private Limited	-	1.50	-
	Total	**387.72**	**255.31**	**345.00**
Trade payables	**Subsidiaries**			
	Persistent Systems, Inc.	254.30	343.37	244.13
	Other subsidiaries	145.76	62.77	205.86
	Entity over which a key management personnel has significant influence			
	Azure Associates, LLC	-	1.77	-
	Total	**400.06**	**407.91**	**449.99**
Advances given	**Subsidiaries**			
	Persistent Systems, Inc.	13.40	116.11	63.08
	Other subsidiaries	19.46	11.01	16.94
	Associate			
	Klisma e-Services Private Limited @	0.81	0.81	0.81
	Total	**33.67**	**127.93**	**80.83**
Advances received inclusive of Advances from customers	**Subsidiaries**			
	Persistent Systems, Inc.	456.26	283.58	400.81
	Other subsidiaries	-	-	6.49
		456.26	**283.58**	**407.30**
Unbilled Receivable	**Subsidiaries**			
	Persistent Systems, Inc.	854.47	793.52	950.65
	Other subsidiaries	64.64	49.08	42.28
		919.11	**842.60**	**992.93**
Investments	**Subsidiaries**			
	Persistent Systems, Inc.	2,478.01	2,478.01	2,478.01
	Other subsidiaries	1,481.13	1,481.13	1,481.13
	Associate			
	Klisma e-Services Private Limited @	0.05	0.05	0.05
	Total	**3,959.19**	**3,959.19**	**3,959.19**
Loans given	**Associate**			
	Klisma e-Services Private Limited @	27.43	27.43	27.43
	Total	**27.43**	**27.43**	**27.43**

@ These balances are fully provided for.

(iii) Guarantee given on behalf of subsidiary

Persistent Systems Limited has given a performance guarantee up to $ 10 million to HSBC Bank USA in respect of payment obligations under the Receivables Purchase agreement entered into by Persistent Systems Inc with HSBC Bank, USA (Corresponding period/ Previous year: $10 million). Persistent Systems Limited has also given performance guarantee up to $ 5 million to Citibank USA (Corresponding period / Previous year: $ 5 million) in respect of working capital facilities for Persistent Systems Inc. and $ 0.17 million to Sun Life Assurance Company of Canada (Corresponding period / Previous year: $ 0.17 million) for timely payment of rent instalments and damages, in respect of office leased to Persistent Systems Inc.

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32. Contingent liabilities

Persistent Systems Limited ("the Company") had received a show cause notice from the 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 Company to its overseas customers for the period 2011-12 to 2014-15.

Post representations made by the 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 ₹173.78 million based on the period of limitation and as a result of that, the said demand now covers financial year 2014-15. The Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017.

The Company, 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 condensed interim financial statements. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Company will be eligible to claim credit/refund for the amount paid.

The GST department 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 acknowledged the ground of revenue neutrality, the said appeal mainly questions non-application of extended period of limitation. The Company 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 Company 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. This balance, post adjustment of service tax liability of ₹17.76 million for the month of June 2017 (i.e. net amount of ₹ 629.60 million) was considered as transitional credit under GST Regime and recorded accordingly as GST receivable. The disputed demand currently stands at ₹ 173.78 million towards which ₹ 165.58 million was paid under protest and forms part of the aforementioned GST receivable balance.

As on September 30, 2020, the pending litigations in respect of direct taxes amount to ₹ 220.30 million and in respect of indirect taxes amount to ₹ 25.94 million (excluding the show cause notice 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.

In respect of export incentives pertaining to previous periods amounting to ₹ 255.52 million, which have been refunded under protest with interest of ₹ 41.03 million, the Company filed an application before the relevant authorities. Further, the Company has also submitted a follow up communication, in this regard, with DGFT. Also, the Company had submitted representation with the industry association (NASSCOM) to ensure continued applicability of the said incentives to the eligible information technology companies. We understand from NASSCOM that they have also taken up the matter with concerned authorities. Additionally, accrued export incentives amounting to ₹ 113.49 million pertaining to earlier periods is subject to realization in the context of Company's review application pending before the relevant authorities. The Company is awaiting an opportunity of being heard on its application pending before DGFT and believes that the export incentives will be finally granted to the Company. Accordingly, no provision has been considered in the financial statements in this regard

In respect of the show cause notice dated 30th September 2020, received by the Company on 9th October, 2020, on this matter from the Directorate of Revenue Intelligence (DRI), in which the authorities have raised certain additional matters with applicable penalties, the Company, based on initial consultations with subject matter specialists/experts believes that its position will likely be upheld on ultimate resolution and hence, no provision has been considered in the financial statements in this regard.

Persistent Systems Limited has given a performance guarantee up to $ 10 million to HSBC Bank USA in respect of payment obligations under the Receivables Purchase agreement entered into by Persistent Systems Inc with HSBC Bank, USA (Corresponding period/ Previous year: $10 million). Persistent Systems Limited has also given performance guarantee up to $ 5 million to Citibank USA (Corresponding period / Previous year: $ 5 million) in respect of working capital facilities for Persistent Systems Inc. and $ 0.17 million to Sun Life Assurance Company of Canada (Corresponding period / Previous year: $ 0.17 million) for timely payment of rent instalments and damages, in respect of office leased to Persistent Systems Inc.

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

34. The code on Social security, 2020 relating to employee benefits has been approved by the Parliament and has also been published in Official Gazette of India. However, the date on which it comes into effect has not been notified and the rules are yet to be framed. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules are published.

35. Effective April 1, 2019, the Company has adopted Ind AS 116, Leases; and has recognized interest on lease liability of ₹ 18.43 million (corresponding period: ₹ 23.69 million/ previous year: ₹ 43.86 million) under finance costs.

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

37. Previous period's/ year's figures have been regrouped where necessary to conform to current period's classification.

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

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

BHARAT KOCHU SHETTY
Digitally signed by BHARAT KOCHU SHETTY
Date: 2020.10.24 20:46:00 +05'30'

Bharat Shetty
Partner

Membership No.: 106815

Anand Deshpande

Dr. Anand Deshpande
Chairman and
Managing Director
DIN: 00005721

Praveen Purushottam Kadle (Oct 24, 2020 12:54 GMT+5.5)

Praveen Kadle
Independent Director

DIN: 00016814

Amit Atre
Amit Atre (Oct 24, 2020 10:20 GMT+5.5)

Amit Atre
Company Secretary
Membership No. A20507

Sunil Sapre
Sunil Sapre (Oct 24, 2020 11:00 GMT+5.5)

Sunil Sapre
Executive Director and
Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date: October 24, 2020

Place: Pune
Date: October 24 2020

Place: Mumbai
Date: October 24, 2020

. (Oct 24, 2020 09:59 GMT+5.5)