Persistent Systems México, S.A. de C.V.
BALANCE SHEET AS AT MARCH 31, 2021

	Notes	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
ASSETS			
Non-current assets			
Property, Plant and Equipment	5.1	8,300.27	13,379.79
Right-of-use-asset	5.2	3,221.93	9,841.20
Capital Work-in-Progress_Equip		-	201.72
		11,522.20	**23,422.71**
Financial assets			
- Loans	6	794.75	713.63
Deferred tax assets (net)	7	3,236.73	10,205.39
Other non-current assets	8	-	27.83
		15,553.68	**34,369.56**
Current assets			
Financial assets			
- Trade receivables	9	47,173.40	51,287.91
- Cash and cash equivalents	10	26,282.45	5,135.47
- Other financial assets	11	20,942.57	1,634.46
Current Tax Assets (net)		-	
Other current assets	12	5,447.58	4,171.14
		99,846.00	**62,228.98**
TOTAL		**115,399.68**	**96,598.54**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4	3,646.80	3,646.80
Other equity		(4,685.22)	4,957.49
		(1,038.42)	**8,604.29**
Non- current liabilities			
Financial liabilities			
Borrowings	13	73,110.00	56,472.17
Other long-term liabilities	14	-	3,682.94
		73,110.00	**60,155.11**
LIABILITIES			
Current liabilities			
Financial liabilities			
- Trade payables	15	3,746.27	435.69
- Other financial liabilities	16	13,216.23	13,431.24
Other current liabilities	17	3,466.67	2,006.08
Provisions	18	17,991.50	9,673.96
Current tax liabilities (net)		4,907.43	2,292.17
		43,328.10	**27,839.14**
TOTAL		**115,399.68**	**96,598.54**
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For JOSHI APTE & Co.
Firm registration no. 104370W
Chartered Accountants

For and on behalf of the Board of Directors of
Persistent Systems México, S.A. de C.V.

per C.K. Joshi
Partner
Membership No. 030428

Place: Pune
Date : April 26, 2021

Thomas Klein
Director

Place: Santa Clara, USA
Date : April 26, 2021

Sunil Sapre
Director

Place: Pune
Date : April 26, 2021

Persistent Systems México, S.A. de C.V.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

	Notes	For the year ended March 31, 2021 (In ₹'000)	For the year ended March 31, 2020 (In ₹'000)
Income			
Revenue from operations	19	284,613.92	247,462.60
Other income	20	1,817.08	3,824.06
Total income (A)		**286,431.00**	**251,286.66**
Employee benefits expense	21.1	228,017.05	182,011.50
Cost of technical professionals	21.2	1,573.24	90.08
Finance costs		3,071.97	2,333.32
Depreciation and amortization expense	5.3	14,854.98	20,695.38
Other expenses	22	29,891.70	13,879.90
Total expenses (B)		**277,408.94**	**219,010.18**
Profit/ (loss) before tax (A - B)		**9,022.06**	**32,276.48**
Tax expense			
Current tax		5,604.63	11,924.37
Tax credit in respect of earlier years		5,846.29	-
Deferred tax (credit) / charge		7,921.95	(2,693.76)
Total tax expense		**19,372.87**	**9,230.61**
Net profit/ (loss) for the period/year (C)		**(10,350.81)**	**23,045.87**
Other comprehensive income			
Items that will not be reclassified to profit or loss (D)			
- Remeasurements of the defined benefit liabilities / (asset)		-	-
- Tax effect on remeasurements of the defined benefit liabilities / (asset)		-	-
		-	**-**
Items that will be reclassified to profit or loss (E)			
- Exchange differences in translating the financial statements of foreign operations		708.10	(1,157.17)
Total other comprehensive income for the period/year (D) + (E)		**708.10**	**(1,157.17)**
Total comprehensive income for the period/year (C) + (D) + (E)		**(9,642.71)**	**21,888.70**
Earnings per equity share	23		
[Nominal value of share MXN 1 (Previous period/year : Nil)]			
Basic (In ₹)		(10.35)	23.05
Diluted (In ₹)		(10.35)	23.05
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For JOSHI APTE & Co.
Firm registration no. 104370W
Chartered Accountants

per C.K. Joshi
Partner
Membership No. 030428

Place: Pune
Date : April 26, 2021

For and on behalf of the Board of Directors of
Persistent Systems México, S.A. de C.V.

Thomas Klein
Director

Place: Santa Clara, USA
Date : April 26, 2021

Sunil Sapre
Director

Place: Pune
Date : April 26, 2021

Persistent Systems México, S.A. de C.V.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

		For the year ended March 31, 2021 (In ₹'000)	For the year ended March 31, 2020 (In ₹'000)
Cash flow from operating activities			
Profit before tax		**9,022.06**	**32,276.48**
Adjustments for:			
Foreign Currency Translation Reserve		708.10	-
Unrealised foreign exchange gain/loss		14,281.56	(21,686.68)
Depreciation and amortization expense		14,854.98	20,695.38
Finance costs		3,071.97	2,333.32
Operating profit before working capital changes		**41,938.67**	**33,618.50**
Movements in working capital :			
(Increase) / Decrease in trade receivables		4,114.51	(31,955.29)
Decrease / (Increase) in other current assets		(1,276.44)	(5,055.72)
(Increase)/decrease in other current financial assets		(19,308.11)	16,711.20
Increase /(Decrease) Increase in trade payables and current liabilities (including short term borrowings)		4,556.16	(12,320.74)
Other non-current assets		(53.29)	-
Other long-term liabilities		(3,632.94)	3,628.00
Increase/(Decrease) in provisions		8,317.54	(1,241.07)
		-	-
Operating profit after working capital changes		**34,656.10**	**3,384.88**
Direct taxes paid (net of refunds)		(8,835.66)	(8,142.09)
Net cash generated from operating activities	**(A)**	**25,820.44**	**(4,757.21)**
Cash flow from investing activities			
Payment towards capital expenditure		(1,601.49)	(1,933.94)
Net cash (used in) investing activities	**(B)**	**(1,601.49)**	**(1,933.94)**
Cash flow from financing activities			
Advances		-	-
Payment of interest on intercorporate deposits		-	(621.33)
Interest Paid		(3,071.97)	-
Net cash generated from financing activities	**(C)**	**(3,071.97)**	**(621.33)**
Net increase in cash and cash equivalents (A + B + C)		**21,146.98**	**(7,312.48)**
Cash and cash equivalents as at beginning of the reporting period/year		5,135.47	12,447.95
Exchange difference on translation of foreign currency cash and cash equivalents		-	-
Cash and cash equivalents at the end of the reporting period/year		**26,282.45**	**5,135.47**

Components of cash and cash equivalents	**As at March 31, 2021**	**As at March 31, 2020**
Cash on hand	-	-
Balances with banks		
- on current account	26,282.45	5,135.47
Cash and cash equivalents as per note 10	**26,282.45**	**5,135.47**

Summary of significant accounting policies.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For JOSHI APTE & Co.
Firm registration no. 104370W
Chartered Accountants

per C.K. Joshi
Partner
Membership No. 030428

Place: Pune
Date : April 26, 2021

For and on behalf of the Board of Directors of
Persistent Systems México, S.A. de C.V.

Thomas Klein
Director

Place: Santa Clara, USA
Date : April 26, 2021

Sunil Sapre
Director

Place: Pune
Date : April 26, 2021

Persistent Systems México, S.A. de C.V.

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED MARCH 31, 2021

A. Equity Share Capital (Refer Note 4)

(In ₹'000)

Balance as at April 1, 2020	Changes in equity share capital during the period	Balance as at March 31, 2021
3,646.80	-	3,646.80
3,646.80	**-**	**3,646.80**

(In ₹'000)

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
3,646.80	-	3,646.80
3,646.80	**-**	**3,646.80**

(This space is intentionally left blank)

Persistent Systems México, S.A. de C.V.

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED MARCH 31, 2021

B. Other Equity

(In ₹'000)

Particulars	Reserves and surplus	Items of other comprehensive income	Total
	Retained earnings	Foreign currency translation reserve	
Balance as at April 1, 2020	5,956.51	(999.02)	4,957.49
Net profit/ (loss) for the period	(10,350.81)	708.10	(9,642.71)
Balance at March 31, 2021	**(4,394.30)**	**(290.92)**	**(4,685.22)**

(In ₹'000)

Particulars	Reserves and surplus	Items of other comprehensive income	Total
	Retained earnings	Foreign currency translation reserve	
Balance as at April 1, 2019	(15,587.11)	158.15	(15,428.96)
Transition to IND AS 116	(1,502.25)	-	(1,502.25)
Net profit/(loss) during the year	23,045.87	(1,157.17)	21,888.70
Balance at March 31, 2020	**5,956.51**	**(999.02)**	**4,957.49**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For JOSHI APTE & Co.
Firm registration no. 104370W
Chartered Accountants

per C.K. Joshi
Partner
Membership No. 030428

Place: Pune
Date : April 26, 2021

For and on behalf of the Board of Directors of
Persistent Systems México, S.A. de C.V.

Thomas Klein
Director

Place: Santa Clara, USA
Date : April 26, 2021

Sunil Sapre
Director

Place: Pune
Date : April 26, 2021

1. Nature of operations

Persistent Systems México, S.A. de C.V. was incorporated on March 1, 2016 as a wholly owned subsidiary of Persistent Systems Inc. The Company 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. The Company commenced its operations from April 1, 2016.

2. Basis of preparation

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

Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016.

3. Summary of significant accounting policies

(a) Use of estimates

The preparation of the financial statements are in conformity with the recognition and measurement principles of 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. 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 hedged and 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.

(This space is intentionally left blank)

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 royalty at pre-defined percentage of customer revenue and bearing in mind, the time gap between the close of the accounting period and availability of the revenue report from the customer, the Company 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 Company's major tax jurisdictions is Mexico. 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 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

(b) Accounting year

The accounting year of the Company is from January 01 to December 31. These financial statements have been prepared only for the purpose of consolidation.

(c) Functional currency

The Company’s functional currency is Mexican Peso.

(d) 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 book value 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.

(e) 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.

(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*	3 to 5 years
Furniture and fixtures*	5 years
Vehicles*	5 years

*For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

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

Leasehold land is amortized on straight line basis over the period of the lease. Leasehold improvements are amortized over the period of lease or useful life, whichever is lower.

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

(g) Financial instruments

i) Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial assets at amortized cost**

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

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

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

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

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

  Derecognition

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

  On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to 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 profit or loss.

Subsequent measurement

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

- **Financial liabilities at amortized cost**

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

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

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

Derecognition

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

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

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs of disposal and 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.

(h) Borrowing costs

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

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

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

(i) Leases

Where the Company is a lessee

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

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

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

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

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

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

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or

- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

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

The effect of adoption as on transition date would majorly result in an increase in Right of use asset approximately by ₹ 16920.46 thousand and an increase in lease liability approximately by ₹ 17,646.65 thousand.

(j) 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

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

The 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.
The company has applied the principles under Ind AS 115 to account for revenues from these performance obligations.

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

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

The 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 value added taxes (VAT) on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is 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 by the reporting date. Dividend income is included under the head 'Other income' in the statement of profit and loss.

(k) Foreign currency translation

(i) Foreign currency transactions and balances

Initial recognition

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

Conversion

The transactions are in MXN, which are converted for reporting in Indian currency on the following basis. The equity share capital is translated on the date of transaction and fixed assets are translated at the closing rate as at the date of the balance sheet. All current assets and current liabilities are translated at the closing rate as at the date of the balance sheet. All Income and Expense items are converted at weighted average of Inter Bank Selling Rate for the period.

The exchange difference arising out of the period / year end conversion is translated to Currency Translation Reserve and the said amount is shown under the head "Other equity".

Exchange difference

Revenue and expenses denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit or loss for the period in which the transaction is settled.

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.

(l) Retirement and other employee benefits

(i) 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.

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 for twelve months after the reporting date.

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

The amendments require an entity:

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

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

(m) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the tax laws prevailing in the Mexico. 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.

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.

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

Amendment to Ind AS 12 – Income taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.
The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.
Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the 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 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 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. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(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.

(This space is intentionally left blank)

4. Share capital

	As at March 31, 2021	As at March 31, 2020
Authorized shares (In '000)		
2,000.00 Ordinary shares of Mexican Peso 1 each.	MXN 2,000.00	MXN 2,000.00
	MXN 2,000.00	**MXN 2,000.00**
Issued, subscribed and paid-up **(In ₹ 000)**		
1,000.00 Ordinary shares of Mexican Peso 1 each.	3,646.80	3,646.80
Issued, subscribed and fully paid-up share capital	**3,646.80**	**3,646.80**

999,999 Ordinary shares of Mexican Peso 1 each are held by Persistent Systems Inc.

Reconciliation of the shares outstanding at the beginning and at the end of the period.

There is no movement in the shares outstanding at the beginning and at the end of the reporting period.

(This space is intentionally left blank)

Persistent Systems México, S.A. de C.V.
Notes forming part of financial statements

5.1 Tangible assets

(In ₹000)

	Plant and equipment	Leasehold improvements	Furniture and fixtures	Computers	Total
Gross block (At cost)					
As at April 1, 2020	1,919.52	18,197.18	10,276.41	22,975.23	53,368.34
Additions	73.72	-	-	807.67	881.39
Deletions	-	-	-	469.23	469.23
- Exchange differences	220.11	2,068.43	1,168.09	2,620.37	6,077.00
As at March 31, 2021	**2,213.35**	**20,265.61**	**11,444.50**	**25,934.04**	**59,857.50**
Depreciation and amortization					
As at April 1, 2020	1,708.78	11,215.59	5,721.26	21,342.92	39,988.55
Charge for the period	129.44	3,952.22	2,230.69	1,001.54	7,313.89
Depreciation on disposals	-	-	-	469.23	469.23
- Exchange differences	197.62	1,377.98	708.53	2,439.89	4,724.02
As at March 31, 2021	**2,035.84**	**16,545.79**	**8,660.48**	**24,315.12**	**51,557.23**
Net block					
As at March 31, 2021	**177.51**	**3,719.82**	**2,784.02**	**1,618.92**	**8,300.27**
As at March 31, 2020	**210.74**	**6,981.59**	**4,555.15**	**1,632.31**	**13,379.79**

(In ₹000)

	Plant and equipment	Leasehold improvements	Furniture and fixtures	Computers	Total
Gross block (At cost)					
As at April 1, 2019	2,149.53	20,377.68	11,507.79	23,726.90	57,761.90
Additions	-	-	-	1,933.94	1,933.94
Deletions	-	-	-	-	-
- Exchange differences	(230.01)	(2,180.50)	(1,231.38)	(2,685.61)	(6,327.50)
As at March 31, 2020	**1,919.52**	**18,197.18**	**10,276.41**	**22,975.23**	**53,368.34**
Depreciation and amortization					
As at April 1, 2019	1,337.94	8,477.28	4,102.74	18,235.27	32,153.23
Charge for the year	578.99	4,106.28	2,317.65	5,863.74	12,866.66
- Exchange differences	(208.15)	(1,367.97)	(699.13)	(2,756.09)	(5,031.34)
As at March 31, 2020	**1,708.78**	**11,215.59**	**5,721.26**	**21,342.92**	**39,988.55**
Net block					
As at March 31, 2020	**210.74**	**6,981.59**	**4,555.15**	**1,632.31**	**13,379.79**
As at March 31, 2019	**811.59**	**11,900.40**	**7,405.05**	**5,491.63**	**25,608.67**

(This space is intentionally left blank)

5.2 Right-of-use Asset

The details of the right-of-use asset held by the company is as follows:

		(In ₹ 000)
	As at March 31, 2021	**As at March 31, 2020**
Office Premises		
Gross block (At cost)		
As at April 1, 2020	16,791.27	-
Additions (Transitional impact on adoption of Ind AS 116)	-	18,580.72
Disposals	-	-
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	1,908.62	(1,789.45)
	18,699.89	16,791.27
Amortization and impairment		
As at April 1, 2020	6,950.07	-
Charge for the period	7,541.09	7,828.72
Disposals	-	-
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	986.80	(878.65)
Net block	**15,477.96**	**6,950.07**
As at March 31,2021	**3,221.93**	**9,841.20**

5.3 Depreciation and amortization

		(In ₹000)
	For the year ended March 31, 2021	**For the year ended March 31, 2020**
Property, Plant and Equipment	7,313.89	12,866.66
ROU Asset	7,541.09	7,828.72
	14,854.98	**20,695.38**

(This space is intentionally left blank)

Persistent Systems México, S.A. de C.V.

Notes forming part of financial statements

6. Loans

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Security deposit		
Unsecured, considered good	794.75	713.63
Unsecured, credit impaired	-	-
	794.75	713.63
Less: Credit Impairment	-	-
	794.75	**713.63**

7. Deferred tax assets (net)

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Deferred tax assets		
Difference in Book values and tax base values of ROU asset and Lease liability	-	-
Provision for leave encashment	1,157.31	973.90
Others	1,934.77	9,231.49
Provision for performance bonus	144.65	-
	3,236.73	**10,205.39**
Deferred tax assets (net)	**3,236.73**	**10,205.39**

8. Other non current assets

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Advances recoverable in cash or kind or for value to be received	-	27.83
	-	**27.83**

(This space is intentionally left blank)

9. Trade receivables

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Outstanding for a period more than six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, credit impaired		-
	-	**-**
Less : Allowance for credit loss	-	-
	-	**-**
Others		
Unsecured, considered good	47,173.40	51,287.91
Unsecured, Credit impaired		-
	47,173.40	**51,287.91**
Less : Allowance for credit loss	-	-
	47,173.40	**51,287.91**
	47,173.40	**51,287.91**

10. Cash and cash equivalents

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Cash and cash equivalents as presented in cash flow statement		
Balances with banks		
On current accounts	26,282.45	5,135.47
	26,282.45	**5,135.47**

11. Other financial assets

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Unbilled revenues	20,942.57	1,634.46
	20,942.57	**1,634.46**

12. Other current assets

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Advances recoverable in cash or kind	424.85	637.47
Other advances (Unsecured, considered good)		
VAT, Service tax and GST receivable	4,013.54	2,566.36
Other	1,009.19	967.31
	5,447.58	**4,171.14**

(This space is intentionally left blank)

Persistent Systems México, S.A. de C.V.

Notes forming part of financial statements

13. Borrowings

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Borrowings from related parties		
Intercompany Loan/ ICD taken - liabilities		
- Persistent Systems Inc	73,110.00	56,472.17
(Repayment terms: After 36 months @ 3 month LIBOR +225 bps)		
	73,110.00	**56,472.17**

14. Other long-term liabilities

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Other long term financial liabilities		
Lease liability.	3,884.63	11,878.49
Less: Current maturity of lease liabilities (refer note 16)	(3,884.63)	
		8,195.55
	-	**3,682.94**

Movement of lease liabilities

	As at March 31, 2021 (In ₹'000)	As At March 31, 2020 (In ₹'000)
Opening balance	11,878.49	18,696.48
Add: Interest recognised during the period	515.58	950.78
Less: Payments made	(5,967.97)	(7,768.77)
Closing balance	**6,426.10**	**11,878.49**

(This space is intentionally left blank)

15. Trade payables

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Trade payables for goods and services	3,746.27	435.69
	3,746.27	**435.69**

16. Other financial liabilities

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Interest accrued and due on borrowings	5,277.64	714.88
Accrued employee liabilities	4,053.96	3,393.81
Advance from related parties (Unsecured, considered good)		
Persistent Systems Ltd	-	1,127.00
Lease Liability-Current maturity	3,884.63	8,195.55
Advance from Customer	-	-
	13,216.23	13,431.24
	-	
	13,216.23	**13,431.24**

17. Other current liabilities

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Statutory liabilities	3,466.67	2,006.08
	3,466.67	**2,006.08**

18. Provisions

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Provision for employee benefits		
- Leave encashment	6,710.53	3,246.33
- Other employee benefits	11,280.97	6,427.63
	17,991.50	**9,673.96**

(This space is intentionally left blank)

19. Revenue from operations

	For the year ended March 31, 2021 (In ₹'000)	March 31, 2020 (In ₹'000)
Software services	284,613.92	247,462.60
	284,613.92	**247,462.60**

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

	For the year ended March 31, 2021 (In ₹'000)	March 31, 2020 (In ₹'000)
Segment wise disclosure		
Segment		
BFSI	-	-
Healthcare Life Science	-	-
Industrials	284,613.92	247,462.60
Total	**284,613.92**	**247,462.60**
Geographical disclosure		
Geography		
India	10,034.20	-
North America	274,579.72	247,462.60
Rest of the World	-	-
Total	**284,613.92**	**247,462.60**
Onsite-offshore disclosure		
IP Led		
Offshore	284,613.92	247,462.60
Onsite		
Total	**284,613.92**	**247,462.60**

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

Changes in contract assets (unbilled revenue) are as follows:

Particulars	(In ₹'000)
Balance at the beginning of the year	**1,634.46**
Revenue recognised during the year	21,230.74
Invoices raised during the year	1,601.05
Translation exchange difference	(3,523.68)
Balance at the end of the year	**20,942.57**

0

20. Other income

	For the year ended March 31, 2021 (In ₹'000)	For the year ended March 31, 2020 (In ₹'000)
Foreign exchange gain (net)	-	3,814.13
Excess provision in respect of earlier periods/ years written back	409.39	-
Miscellaneous income	1,407.69	9.93
	1,817.08	**3,824.06**

21.Employee benefits expense

	For the year ended March 31, 2021 (In ₹'000)	- March 31, 2020 (In ₹'000)
21.1 Employee benefits expense		
Salaries, wages and bonus	174,261.36	148,578.71
Defined contribution to other funds	39,308.34	20,149.62
Staff welfare and benefits	14,447.35	13,283.17
	228,017.05	**182,011.50**
21.2 Cost of technical professionals		
Technical professionals - related parties	-	-
Technical professionals - others	1,573.24	90.08
	1,573.24	**90.08**
	229,590.29	**182,101.58**

(This space is intentionally left blank)

22. Other expenses

	For the year ended March 31, 2021 (In ₹'000)	For the year ended March 31, 2020 (In ₹'000)
Traveling and conveyance	1,081.69	1,193.47
Electricity expenses	446.68	757.71
Internet link expenses	863.36	1,431.68
Communication expenses	273.07	317.05
Recruitment expenses	1,071.99	390.95
Training and seminars	53.47	52.25
Purchase of software licenses and support expenses	809.04	2,158.57
Rent	-	142.48
Insurance	166.77	212.25
Rates, Fees and professional tax	-	152.32
Legal and professional fees	4,931.46	4,108.19
Repairs and maintenance		
- Plant and Machinery	658.10	664.11
- Buildings	22.57	27.40
- Others	39.89	60.43
Computer consumables	-	6.56
Auditors' remuneration	64.82	61.67
Donations	2,545.18	-
Books, memberships, subscriptions	100.34	74.65
Foreign exchange loss (net)	14,781.31	-
Miscellaneous expenses	1,981.96	2,068.16
	29,891.70	**13,879.90**

(This space is intentionally left blank)

23. Earnings per equity share

		For the year ended March 31, 2021	For the year ended March 31, 2020
Numerator for Basic and Diluted EPS			
Net Profit/ (loss) after tax (In ₹000)	(A)	(10,350.81)	23,045.87
Weighted average number of equity shares	(B)	1,000,000.00	1,000,000.00
Denominator for Diluted EPS			
Number of equity shares	(C)	1,000,000.00	1,000,000.00
Basic Earnings per share of face value of MXN 1 each (In ₹)	(A/B)	(10.35)	23.05
Diluted Earnings per share of face value of MXN 1 each (In ₹)	(A/C)	(10.35)	23.05

	For the year ended March 31, 2021	For the year ended March 31, 2020
Number of shares considered as basic weighted average shares outstanding	1,000,000	1,000,000
Add: Effect of dilutive issues of stock options	-	-
Number of shares considered as weighted average shares and potential shares outstanding	**1,000,000**	**1,000,000**

(This space is intentionally left blank)

24. Related Party Disclosures

i) Names of related parties and their related party relationships
Holding Company
- Persistent System Inc.
Companies under the same management
- Persistent System Limited

ii) Related Party Transactions **(In ₹ 000)**

Nature of Transaction	Name of related party	Year ended March 31, 2021	Year ended March 31, 2020
Sale of Services	Persistent Systems Inc	249777.18	200,812.91
	Persistent Systems Limited	34836.75	45,388.70
ICD Received	Persistent Systems Inc	-	-
ICD Repaid	Persistent Systems Inc	-	-
Finance Cost	Persistent Systems Inc	2556.39	1,963.04

*These transactions are disclosed at exchange rate of INR- MXN as on the transaction date.

iii) Balances Outstanding **(In ₹ 000)**

Particulars	Name of related party	As at March 31, 2021	As at March 31, 2020
Share Capital	Persistent Systems Inc	3,646.80	3,646.80
Advance received	Persistent Systems Limited	-	1127.00
Borrowing	Persistent Systems Inc	73,110.00	56,472.17
Interest accrued and due	Persistent Systems Inc	5,277.64	714.88
Trade Receivables	Persistent Systems Inc	40,835.01	43,302.83
	Persistent Systems Limited	6,338.38	7,985.08
Unbilled revenue	Persistent Systems Inc	23,132.00	7,094.65
	Persistent Systems Limited	(2,189.43)	(5,460.18)

25. Financial risk management:

Financial risk factors and risk management objectives

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company's exposure to credit risk is mainly for receivables that are overdue for more than 90 days. The Credit Task Force of the Group is responsible for credit risk management. The liquidity needs are managed by funding from / to the group companies. The Group's Risk Management Committee monitors risks and policies implemented to mitigate risk exposures.

Market risk

The following table analyses foreign currency risk from financial instruments:

(In ₹ 000)

	March 31, 2021	March 31, 2020
Trade receivables	47,173.40	51,287.91
Trade payables	3746.27	435.69

Foreign currency sensitivity analysis

For the year ended March 31, 2021 and March 31, 2020, every percentage point depreciation / appreciation in the exchange rate between the Mexican Peso and foreign currencies would affect the Company's profit before tax margin (PBT) by approximately 0.25% and 0.09% respectively.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to thousand ₹ 47,173.40 and ₹ 51,287.91 thousand as at March 31, 2021 and March 31, 2020, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk is managed by the Company by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables.

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

	As at	
	March 31, 2021 (In ₹ 000)	**March 31, 2020 (In ₹ 000)**
Receivables overdue for more than 90 days	-	-
Total receivables	47,173.40	51,287.91
Overdue for more than 90 days as a % of total receivables	0%	0%

Ageing of trade receivables

(In ₹ 000)

	As at	
	March 31, 2021	**March 31, 2020**
Within the credit period	47,173.40	51,287.91
1 to 30 days past due	-	-
31 to 60 days past due	-	-
61 to 90 days past due	-	-
91 to 120 days past due	-	-
121 and above past due	-	-
Less: Expected credit loss	-	-
Net trade receivables	**47,173.40**	**51,287.91**

Movement in expected credit loss allowance

(In ₹ 000)

	As at	
	March 31, 2021	**March 31, 2020**
Opening balance	-	-
Movement in expected credit loss allowance	-	-
Translation differences	-	-
Closing balance	**-**	**-**

(This space is intentionally left blank)

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has borrowings obtained from the group companies. The liquidity needs are managed by funding from / to the group companies. The working capital needs are met by availing intercorporate loans from the group companies whenever needed.

As at March 31, 2021, the Company had a working capital of ₹ 56,518.90 thousand including cash and cash equivalents of ₹ 26,282.45 thousand. As at March 31, 2020, the Company had a working capital of ₹ 34,389.84 thousand including cash and cash equivalents of ₹ 5,135.47 thousand.

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

(In ₹ 000)

	As at			
	March 31, 2021		March 31, 2020	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Intercorporate Deposit		73,110	-	56,472.17
Interest accrued on Intercorporate Deposit	5,277.64		714.88	-
Trade payables	3,746.27		435.69	-
Other financial liabilities			1,127.00	-

26. Income Taxes:

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before tax is summarized below:

(In ₹ 000)

	For the year ended	
	March 31, 2021	March 31, 2020
Profit before tax	9022.06	32,276.48
Enacted tax rate	30.00%	30.00%
Computed tax expense at enacted tax rate	2706.62	9,682.95
Effect of non-deductible expenses	1648.21	162.14
Short Tax Provision of earlier years(Net)	5846.29	-
Others	9171.75	(614.48)
Income tax expense	19372.87	9,230.61

27. Unhedged foreign currency exposure at the end of the year:

(In ₹ 000)

Particulars	Foreign currency	Conversion rate	31-Mar-21	Foreign currency	Conversion rate	31-Mar-20
Trade payables				-	-	-
	INR 734.02	1	INR 734.02	-	-	-
Borrowings	USD 1,000	73.11	73,110.00	USD 746.37	75.66	56,472.17
Interest accrued on borrowing	USD 72.19	73.11	5,277.64	USD 9.45	75.66	714.88
Trade receivables	USD 86.70	73.11	6,388.38	USD 677.85	75.66	51,287.91
Unbilled Revenue	USD 29.95	73.11	2189.43	USD 21.60	75.66	1634.46

28. Auditors Remuneration:

(In ₹ 000)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Audit fee	64.82	61.67

(This space is intentionally left blank)

29. Lease Obligation:

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2021 on an undiscounted basis:

(In ₹ 000)

	As at March 31, 2021
- Less than one year	3884.63
- One to five years	-
- More than five years	-

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

Effective April 1, 2019, the Company has adopted Ind AS 116, Leases; and has recognized interest on lease liability of ₹ 950.78 thousands under finance costs.

The aggregate depreciation on ROU assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss (Refer note 5.2).

30. Contingent liabilities:
The Company does not have any contingent liability as at March 31, 2021 (March 2020 - ₹ Nil).

31. Capital Commitments:

The estimated amount of contracts remaining to be executed on Capital account and not provided for, net of advances is ₹ Nil (March 2020 - ₹ Nil).

32. The Company is considered as going concern inspite of negative net worth. Based on assurance of continued financial support and assistance from parent company and measures implemented to control loss.

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

34. Ministry of Corporate Affairs (MCA), vide its notification dated March 24, 2021, amended Schedule III of the Companies Act, 2013 with effect from April 1, 2021.
Management is of the view that since the changes are applicable from April 1, 2021, those are applicable for the financial year commencing from April 1, 2021 and are applicable to Financial statements issued in respect of accounting years commencing on or after April 1st, 2021.
Therefore, related disclosures are not considered in these financial statements for the year ended on 31.03.2021, although issued after 1st April 2021.

35. Previous period's figures have been regrouped where necessary to conform to current period's classification.

As per our report of even date

For Joshi Apte & Co., **Firm registration no. 104370W** **Chartered Accountants**	**For and on behalf of the Board of Directors of** **Persistent Systems México, S.A. de C.V.**	
per C.K. Joshi Partner Membership No.030428 Place: Pune Date: April 26, 2021	Thomas Klein Director Place: Santa Clara, USA Date: April 26, 2021	Sunil Sapre Director Place: Pune Date: April 26, 2021

(This space is intentionally left blank)