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## Independent Auditor's Report

## To the Members of Persistent Systems Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying consolidated financial statements of **Persistent Systems Limited** ('the Holding Company') its subsidiaries and its controlled trust (the Holding Company, its subsidiaries and its controlled trust together referred to as 'the Group'), as listed in Annexure B, which comprise the Consolidated Balance Sheet as at 31 March 2025, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, and its controlled trust the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2025, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and controlled trust, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matters | How our audit addressed the key audit matters |
|---|---|
| **Accuracy of revenues and onerous obligations in respect of fixed-price contracts**<br><br>Refer Note 4.2(a) to in notes forming part of the consolidated financial statements.<br><br>The Group has entered into various fixed-price software development contracts, for which revenue is recognized by the Group using the percentage of completion computed as per the Input method prescribed under Ind AS 115 'Revenue from Contracts with Customers' ('Ind AS 115'). Revenue recognition in such contracts involves exercise of significant judgement by the management and the following factors requiring significant auditor attention:<br><br>• High inherent risk around accuracy of revenue, given the customized and complex nature of these contracts and significant involvement of information technology (IT) systems.<br>• High estimation uncertainty relating to determination of the progress of each contract, costs incurred till date and additional costs required to complete the remaining contract.<br>• Identification and determination of onerous contracts and related obligations.<br>• Determination of unbilled revenue receivables and unearned revenue related to these contracts as at end of reporting period.<br><br>Considering the materiality of the amounts involved, and significant degree of judgement and subjectivity involved in the estimates as mentioned above, we have identified revenue recognition for fixed price contracts and determination of onerous contracts and related provisions, as a key audit matter for the current year audit. | Our audit procedures relating to accuracy of revenues and onerous obligations in respect of fixed-price contracts included but were not limited to the following:<br><br>• Obtained an understanding of the systems, processes and controls implemented by management for calculating and recording revenue, and the associated unbilled revenue, unearned and deferred revenue balances, and onerous contract obligations;<br><br>• Evaluated the design and tested operating effectiveness of related internal financial manual controls and involved auditor's experts to-:<br>○ Test key IT controls over IT environment in which the business systems operate, including access controls, segregation of duties, program change controls, program development controls and IT operation controls;<br>○ Test the IT controls over the completeness and accuracy of cost/efforts and revenue reports generated by the system; and<br>○ Test the access and application controls pertaining to allocation of resources and budgeting systems which prevents the unauthorized changes to recording of efforts incurred and controls relating to the estimation of contract efforts required to complete the project;<br><br>• Selected samples of contracts and performed a retrospective review of efforts incurred with estimated efforts to identify significant variations and verify whether those variations have been considered in estimating the remaining efforts to complete the contract;<br><br>• Reviewed samples of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations;<br><br>• Performed analytical procedures for reasonableness of incurred and estimated efforts; |

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|---|---|
| | • Evaluated management's identification of onerous contracts based on estimates tested as above; and<br><br>• Evaluated the appropriateness of disclosures made in the Consolidated financial statements with respect to revenue recognized during the year as required by applicable Indian Accounting Standards. |
| **Valuation of Employee Stock Option Plan ('ESOP')**<br><br>Refer note 4.3(q) and note 35 of the consolidated financial statements.<br><br>The Group has framed various ESOP schemes for its employees under which the Company pays remuneration to its employees for services received in the form of equity-settled share based payment transactions.<br><br>In accordance with the principles of Ind AS 102 'Share Based Payments' ('Ind AS 102'), the fair value of aforesaid employee stock options determined as at the date of their grant is recognised as employee compensation cost by the Company/Group over the vesting period of such options.<br><br>The fair valuation of options granted to employees for the services rendered is performed by external valuation specialists using Black-Scholes valuation model which requires the management to make certain key estimates and assumptions including expected volatility, dividend yield, risk-free interest rate, performance factor, attrition rate and non-acceptance factors.<br><br>Considering significant management judgment and materiality of amounts involved, valuation of ESOP reserve and expense is considered as a key audit matter for the current year audit. | Our audit procedures relating to valuation of ESOP included but were not limited to the following:<br><br>• Obtained an understanding of the terms and arrangements of Employee Stock Option Plans;<br><br>• Evaluated the design and tested operating effectiveness of internal financial controls over the methodology, models and assumptions used by the management to determine the fair value of options granted during the year;<br><br>• Evaluated competency and objectivity of valuation specialist hired by the management;<br><br>• Reviewed the report from management's valuation specialist considered for valuation of options granted during the year;<br><br>• Assessed the reasonableness of the management assumptions and estimates and verified the accuracy of inputs used for the valuation purpose on a sample basis;<br><br>• Involved auditor's valuation expert to assist us in validating the valuation assumptions, methodology and approach considered by the management's expert and ascertained arithmetical accuracy of computation of share-based payment expense; and<br><br>• Evaluated the appropriateness of disclosures made in the Consolidated financial statements with respect to share based payments as required by applicable Indian Accounting Standards. |
| **Impairment assessment of goodwill**<br><br>Refer notes 4.3(g) and 5.4 to the accompanying consolidated financial statements.<br><br>As at 31 March 2025, the Group's assets include goodwill aggregating to 12,337.94 million relating to business acquisitions made by the Group in earlier years across multiple geographic locations. | Our audit procedures relating to testing of impairment assessment of goodwill included but were not limited to the following:<br><br>• Obtained an understanding of management's process for identification of CGUs and impairments testing of goodwill;<br><br>• Evaluated the design and tested operative effectiveness of the key internal financial controls over the Group's process of impairment assessment of goodwill; |

| | |
|---|---|
| The Group has performed annual impairment test of Goodwill as required under per Ind AS 36, 'Impairment of Assets' ('Ind AS 36') by determining the fair value of the Cash Generated Units (CGUs) to which the goodwill is allocated, using discounted cash flow method.<br><br>The determination of the recoverable value of CGUs requires management to make certain key estimates and assumptions including forecast of future cash flows, long-term growth rates, profitability levels and discount rates. Changes in these assumptions could lead to an impairment to the carrying value of the goodwill.<br><br>Considering goodwill balance is significant to the consolidated financial statements and auditing management judgement and estimates as stated above involves high degree of subjectivity and requires significant auditor judgement, impairment assessment of goodwill is considered as a key audit matter for the current year audit. | • Assessed the reasonability of the assumptions used by the management for cash flow forecasts by comparing to the historical trend of past performance of the CGU;s<br><br>• Traced the projections used by the management to approved business plans;<br><br>• Assessed the competence and objectivity of the management's valuation expert and obtained their valuation report on determination of recoverable amounts of CGUs and;<br><br>• Involved auditor's valuation expert to assess the valuation assumptions used and methodology considered by the management's expert to calculate the recoverable amounts of CGUs and the mathematical accuracy of these calculations;<br><br>• Performed sensitivity analysis on the key assumptions to evaluate estimation uncertainty and ascertain the sufficiency of headroom available; and<br><br>• Evaluated the appropriateness and adequacy of disclosures given in the consolidated financial statements, including disclosure of significant assumptions and judgements used by management, in accordance with applicable Indian Accounting Standards |

**Information other than the Consolidated Financial Statements and Auditor's Report thereon**

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

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

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

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

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

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the 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. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

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

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates 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 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 associates to cease to continue as a going concern;

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the 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.

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

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

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matter**

15. We did not audit the financial statements of twenty five subsidiaries and one controlled trust, whose financial statements reflects total assets of ₹ 15,243.49 Million as at 31 March 2025, total revenues of ₹ 10,664.63 Million and net cash outflows amounting to ₹ 360.75 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and controlled trust, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, and controlled trust, are based solely on the reports of the other auditors.

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

**Report on Other Legal and Regulatory Requirements**

16. As required by section 197(16) of the Act, based on our audit, we report that the Holding Company incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to three subsidiaries incorporated in India whose financial statements have been audited under the Act, since none of such companies is a public company as defined under section 2(71) of the Act.

17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraph 15 above, of companies included in the consolidated financial statements for the year ended 31 March 2025 and covered under the Act we report that:

A) Following are the qualifications/adverse remarks reported by us and the other auditors in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2025 for which such Order reports have been issued till date and made available to us:

| S No | Name | CIN | Holding Company / subsidiary | Clause number of the CARO report which is qualified or adverse |
|---|---|---|---|---|
| 1 | Persistent Systems Limited | L72300PN1990PLC056696 | Holding Company | Clause (ii) (b)<br>Clause (vii) (b) |
| 2 | CAPIOT Software Private Limited | U72200PN2014PTC226352 | Wholly Owned Subsidiary | Clause (xvii) |
| 3 | MediaAgility India Private Limited | U72200HR2010PTC041548 | Wholly Owned Subsidiary | Clause (vii) (b) |

18. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors,

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e) On the basis of the written representations received from the directors of the Holding Company and its subsidiaries and taken on record by the Board of Directors of the Holding Company and its subsidiaries, respectively, and the reports of the statutory auditors of its subsidiaries, covered under the Act, none of the directors of the Holding Company, and its subsidiaries, are disqualified as on 31 March 2025 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiaries covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' wherein we have expressed an unmodified opinion; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries, incorporated in India whose financial statements have been audited under the Act:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 43 to the consolidated financial statements;

ii. The Holding Company and its subsidiaries did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2025;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries during the year ended 31 March 2025;

iv.

a. The respective managements of the Holding Company and its subsidiaries incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief on the date of this audit report as disclosed in note 52 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiaries to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiaries ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiaries incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, on the date of this audit report as disclosed in the note 53 to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiaries, from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiaries shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The interim dividend declared and paid by the Holding Company and its subsidiaries, during the year ended 31 March 2025 and until the date of this audit report is in compliance with section 123 of the Act.

The final dividend paid by the Holding Company during the year ended 31 March 2025 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 18(A)(b) to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2025 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. As stated in note 54 to the consolidated financial statements and based on our examination which included test checks and that performed by the respective auditors of the subsidiaries, the Holding Company and its subsidiaries, in respect of financial year commencing on 01 April 2024, have used an accounting software for maintaining their books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we and respective auditors of the above referred subsidiaries did not come across any instance of audit trail feature being tampered with. Furthermore, the audit trail has been preserved by the Holding Company and above referred subsidiaries as per the statutory requirements for record retention..

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

SHASHI PURUSHOTTAM TADWALKAR

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**Shashi Tadwalkar**
Partner
Membership No.: 101797

**UDIN: 25101797BMMAKF4265**

**Place**: USA
**Date**: 23 April 2025

**Annexure A**

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

1. In conjunction with our audit of the consolidated financial statements of Persistent Systems Limited ('the Holding Company'), its subsidiaries and its controlled trust (the Holding Company, its subsidiaries and its controlled trust together referred to as 'the Group'), as at and for the year ended 31 March 2025, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

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

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

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

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with Reference to Financial Statements**

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain

to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

**Opinion**

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company, and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2025, based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India .

**Other Matter**

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is company covered under the Act, whose financial statements reflect total assets of ₹ 1,545.10 Million and net assets of ₹ 507.10 Million as at 31 March 2025, total revenues of ₹ 368.48 Million and net cash outflows amounting to ₹ 604.62 Million for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company have been audited by other auditor whose report have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, and its subsidiary company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditor of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the report of the other auditor.

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

SHASHI PURUSHOTTAM TADWALKAR
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Date: 2025.04.23 17:10:27 -07'00'

**Shashi Tadwalkar**
Partner
Membership No.: 101797

**UDIN:** 25101797BMMAKF4265

**Place:** USA
**Date:** 23 April 2025

**Annexure B**

List of entities included in the report

| 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 | Aepona Group Limited (AGL) | Wholly owned subsidiary of PSI |
| 9 | Persistent Systems UK ltd. (Formerly known as Aepona Limited, UK) (formerly Wholly owned subsidiary of AGL) | Wholly owned subsidiary of PSL |
| 10 | Persistent Systems Lanka (Private) Limited | Wholly owned subsidiary of AGL |
| 11 | Persistent Systems Mexico, S.A. de C.V. | Wholly owned subsidiary of PSI |
| 12 | Persistent Systems Israel Ltd. | Wholly owned subsidiary of PSI |
| 13 | Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) | Wholly owned subsidiary of PSGG |
| 14 | CAPIOT Software Private Limited | Wholly owned subsidiary of PSL |
| 15 | Persistent Systems Australia Pty Ltd (Formerly known as CAPIOT Software Pty Ltd) | Wholly owned subsidiary of PSI |
| 16 | Persistent Systems S.R.L. Romania | Wholly owned subsidiary of PSGG |
| 17 | Software Corporation International LLC | Wholly owned subsidiary of PSI |
| 18 | Persistent Systems Costa Rica Limitada (Formerly known as "Data Glove IT Solutions Limitada") | Wholly owned subsidiary of PSGG |
| 19 | Persistent Systems Poland sp z.o.o. | Wholly owned subsidiary of PSI |
| 20 | MediaAgility Inc.(MAI) | Wholly owned subsidiary of PSI |
| 21 | MediaAgility Pte. Ltd. | Wholly owned subsidiary of MAI |
| 22 | MediaAgility UK Ltd. | Wholly owned subsidiary of MAI |
| 23 | Digitalagility S de RL de CV | Wholly owned subsidiary of MAI |
| 24 | MediaAgility India Private Limited | Wholly owned subsidiary of PSL |
| 25 | Persistent India Foundation (incorporated w.e.f. 1st May 2024) | Wholly owned subsidiary of PSL |
| 26 | PSPL ESOP Management Trust | Controlled ESOP Trust |
| 27 | Arrka Infosec Private Limited, India (Acquired w.e.f. 1st August 2024) | Wholly owned subsidiary of PSL |
| 28 | Starfish Associates, LLC (Acquired w.e.f. 1st August 2024) | Wholly owned subsidiary of PSI |

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2025

| | Notes | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5.1 | 4,350.88 | 4,420.03 |
| Capital work-in-progress | 5.2 | 41.84 | 218.73 |
| Right of use assets | 5.3 | 3,798.67 | 2,307.18 |
| Goodwill | 5.4 | 12,337.94 | 10,912.56 |
| Other Intangible assets | 5.5 | 4,923.33 | 4,574.95 |
| Intangible assets under development | 5.6 | 731.77 | 116.53 |
| | | **26,184.43** | **22,549.98** |
| Financial assets | | | |
| - Trade receivables | 12 | 664.40 | 730.18 |
| - Investments | 6 | 6,415.04 | 5,539.14 |
| - Loans | 7 | - | - |
| - Other financial assets | 8 | 773.81 | 691.06 |
| Deferred tax assets (net) | 9 | 2,024.24 | 1,462.80 |
| Income tax assets (net) | | 787.55 | 387.05 |
| Other non-current assets | 10 | 257.02 | 1,247.28 |
| | | **37,106.49** | **32,607.49** |
| **Current assets** | | | |
| Financial assets | | | |
| - Investments | 11 | 3,388.17 | 2,726.54 |
| - Trade receivables | 12 | 18,477.95 | 16,761.13 |
| - Cash and cash equivalents | 13 | 6,744.06 | 6,625.15 |
| - Bank balances other than cash and cash equivalents | 14 | 3,510.65 | 3,603.71 |
| - Loans | 15 | - | - |
| - Other financial assets | 16 | 9,375.16 | 6,621.83 |
| Other current assets | 17 | 8,763.54 | 5,230.49 |
| | | **50,259.53** | **41,568.85** |
| **TOTAL** | | **87,366.02** | **74,176.34** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Equity share capital | 18(A) | 779.25 | 770.25 |
| Other equity | 18(B) | 62,411.40 | 48,806.82 |
| | | **63,190.65** | **49,577.07** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 19 | - | 99.15 |
| - Lease liabilities | 20 | 2,156.67 | 1,608.09 |
| - Other financial liabilities | 23 | 425.90 | - |
| Other non-current liabilities | 24 | 47.63 | 44.44 |
| Deferred tax liabilities (net) | 9 | 150.49 | 121.92 |
| Provisions | 21 | 66.95 | 546.96 |
| | | **2,847.64** | **2,420.56** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 19 | - | 1,974.04 |
| - Lease liabilities | 20 | 952.30 | 830.01 |
| - Trade payables | 22 | | |
| - Total outstanding dues of micro and small enterprises | | 40.77 | 49.63 |
| - Total outstanding dues of creditors other than micro and small enterprises | | 8,845.40 | 8,088.99 |
| - Other financial liabilities | 23 | 2,438.40 | 3,718.27 |
| Other current liabilities | 24 | 4,516.47 | 3,639.82 |
| Provisions | 25 | 4,028.54 | 3,330.66 |
| Income tax liabilities (net) | | 505.85 | 547.29 |
| | | **21,327.73** | **22,178.71** |
| **TOTAL** | | **87,366.02** | **74,176.34** |
| Summary of material accounting policy information | 4 | | |

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

As per our report of even date

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

SHASHI PURUSHOTTAM TADWALKAR

Digitally signed by SHASHI PURUSHOTTAM TADWALKAR
Date: 2025.04.23 17:10:48 -07'00'

**Shashi Tadwalkar**
Partner

Membership No: 101797

Place : USA
Date : April 23, 2025

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

Anand Deshpande
Anand Deshpande (Apr 23, 2025 16:03 PDT)

**Dr. Anand Deshpande**
Chairman and Managing Director

DIN: 00005721

Place : USA
Date : April 23, 2025

Sandeep Kalra
Sandeep Kalra (Apr 23, 2025 16:02 PDT)

**Sandeep Kalra**
Executive Director and Chief Executive Officer

DIN: 02506494

Place : USA
Date : April 23, 2025

Praveen Kadle (Apr 23, 2025 16:11 PDT)

**Praveen Kadle**
Independent Director

DIN: 00016814

Place : USA
Date : April 23, 2025

Vinit Teredesai
Vinit Teredesai (Apr 23, 2025 16:09 PDT)

**Vinit Teredesai**
Executive Director and Chief Financial Officer

DIN: 03293917

Place : USA
Date : April 23, 2025

Amit Atre
Amit Atre (Apr 23, 2025 16:04 PDT)

**Amit Atre**
Company Secretary

Membership No: A20507

Place : USA
Date : April 23, 2025

**Persistent Systems Limited**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2025**

| | Notes | For the year ended March 31, 2025 In ₹ Million | For the year ended March 31, 2024 In ₹ Million |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 26 | 119,387.17 | 98,215.87 |
| Other income | 27 | 1,381.54 | 1,280.20 |
| **Total income (A)** | | **120,768.71** | **99,496.07** |
| | | | |
| **Expenses** | | | |
| Employee benefits expense | 28.1 | 68,737.17 | 59,609.70 |
| Cost of professionals | 28.2 | 17,491.65 | 11,492.70 |
| Finance costs | | 671.29 | 467.27 |
| Depreciation and amortisation expense | 5.7 | 3,069.10 | 3,093.73 |
| Other expenses | 29 | 12,576.42 | 10,356.61 |
| **Total expenses (B)** | | **102,545.63** | **85,020.01** |
| | | | |
| **Profit before tax (A-B)** | | **18,223.08** | **14,476.06** |
| | | | |
| **Tax expense** | | | |
| Current tax | | 4,680.05 | 3,679.65 |
| Deferred tax credit | | (500.50) | (211.69) |
| Tax charge in respect of earlier years | | 41.92 | 73.19 |
| **Total tax expense** | | **4,221.47** | **3,541.15** |
| | | | |
| **Net profit for the year (C)** | | **14,001.61** | **10,934.91** |
| | | | |
| **Other comprehensive income** | | | |
| | | | |
| **Items that will not be reclassified to profit or loss (D)** | | | |
| - Remeasurements of the defined benefit liabilities / (asset) | | 193.08 | (98.29) |
| - Income tax effect on above | | (49.81) | 21.29 |
| | | **143.27** | **(77.00)** |
| **Items that will be reclassified to profit or loss (E)** | | | |
| - Effective portion of cash flow hedge | | (34.97) | 21.59 |
| - Income tax effect on above | | 8.80 | 8.02 |
| - Exchange differences in translating the financial statements of foreign operations | | 81.19 | 104.82 |
| | | **55.02** | **134.43** |
| | | | |
| **Total other comprehensive income for the year (D) + (E)** | | **198.29** | **57.43** |
| | | | |
| **Total comprehensive income for the year (C) + (D) + (E)** | | **14,199.90** | **10,992.34** |
| | | | |
| **Earnings per equity share** | 30 | | |
| **[Nominal value of share ₹5 (Previous year: ₹5)]** | | | |
| | | | |
| Basic (In ₹) | | 91.22 | 72.44 |
| Diluted (In ₹) | | 90.24 | 71.07 |
| | | | |
| Summary of material accounting policy information | 4 | | |

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

As per our report of even date

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

SHASHI PURUSHOTTAM TADWALKAR
Digitally signed by SHASHI PURUSHOTTAM TADWALKAR
Date: 2025.04.23 17:11:12 -07'00'

**Shashi Tadwalkar**
Partner

Membership No: 101797

Place : USA
Date : April 23, 2025

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

Anand Deshpande
Anand Deshpande (Apr 23, 2025 16:03 PDT)
**Dr. Anand Deshpande**
Chairman and Managing Director
DIN: 00005721
Place : USA
Date : April 23, 2025

Sandeep Kalra
Sandeep Kalra (Apr 23, 2025 16:02 PDT)
**Sandeep Kalra**
Executive Director and Chief Executive Officer
DIN: 02506494
Place : USA
Date : April 23, 2025

Praveen Kadle (Apr 23, 2025 16:11 PDT)
**Praveen Kadle**
Independent Director
DIN: 00016814
Place : USA
Date : April 23, 2025

Vinit Teredesai
Vinit Teredesai (Apr 23, 2025 16:09 PDT)
**Vinit Teredesai**
Executive Director and Chief Financial Officer
DIN: 03293917
Place : USA
Date : April 23, 2025

Amit Atre
Amit Atre (Apr 23, 2025 16:04 PDT)
**Amit Atre**
Company Secretary
Membership No: A20507
Place : USA
Date : April 23, 2025

**Persistent Systems Limited**

**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2025**

| | | For the year ended | |
|---|---|---|---|
| | | March 31, 2025<br>In ₹ Million | March 31, 2024<br>In ₹ Million |
| **Cash flow from operating activities** | | | |
| **Profit before tax** | | **18,223.08** | **14,476.06** |
| Adjustments for: | | | |
| Interest income | | (556.42) | (562.45) |
| Finance costs | | 417.06 | 287.25 |
| Interest on lease liability | | 254.23 | 180.02 |
| Depreciation and amortisation expense | | 3,069.10 | 3,093.73 |
| Unrealised exchange (gain) / loss (net) | | 275.94 | 27.27 |
| Change in foreign currency translation reserve | | 227.91 | 172.65 |
| Exchange loss / (gain) on derivative contracts | | 44.12 | (70.63) |
| Exchange loss / (gain) on translation of foreign currency cash and cash equivalents | | 11.76 | (23.84) |
| Bad debts | | - | 63.36 |
| Allowance for expected credit loss (net) | | 422.18 | 103.57 |
| Employee stock compensation expenses | | 3,095.27 | 1,091.75 |
| Loss / Impairment of non-current investments | | - | 20.58 |
| Changes in contingent consideration payable on business combination | | (1,461.82) | (743.03) |
| Excess provision in respect of earlier period / year written back | | (29.37) | (27.76) |
| Profit on sale / fair valuation of financial assets designated as FVTPL | | (470.40) | (289.11) |
| Provision towards employee benefits | | (506.74) | - |
| Profit on sale of investment - Dx Now | | (21.67) | - |
| Profit on sale of investment - PSG | | (0.69) | - |
| Profit on sale of property, plant and equipment (net) | | (76.84) | (22.64) |
| **Operating profit before working capital changes** | | **22,916.70** | **17,776.78** |
| **Movements in working capital :** | | | |
| Decrease / (Increase) in other non-current assets | | 197.12 | (256.22) |
| Increase in other financial assets | | (2,761.88) | (1,585.47) |
| Increase in other current assets | | (3,659.19) | (1,076.41) |
| Increase in trade receivables | | (2,394.69) | (1,810.64) |
| Increase in trade payables, current liabilities and non-current liabilities | | 1,467.51 | 4,629.73 |
| Increase / (Decrease) in provisions | | 917.69 | (1,242.94) |
| **Operating profit after working capital changes** | | **16,683.26** | **16,434.83** |
| Direct taxes paid (net of refunds) | | (5,114.10) | (3,413.74) |
| **Net cash generated from operating activities** | **(A)** | **11,569.16** | **13,021.09** |
| | | | |
| **Cash flows from investing activities** | | | |
| Payment towards capital expenditure (including property, plant and equipment, intangible assets, capital advances and capital creditors) | | (2,366.91) | (3,580.33) |
| Proceeds from sale of property, plant and equipment | | 436.14 | 29.35 |
| Payment for acquisition of financial instruments | | (54,916.91) | (50,889.51) |
| Payment towards contingent consideration | | (489.64) | (2,073.64) |
| Proceeds from sale of financial instruments | | 52,773.30 | 49,522.79 |
| Investment in unquoted securities | | (434.93) | - |
| Profit on sale of investment - Dx Now | | 21.67 | - |
| Profit on sale of investment - PSG | | 0.69 | - |
| Proceeds from maturity of bank deposits having original maturity over three months | | 62.21 | 773.06 |
| Interest received | | 570.04 | 597.38 |
| **Net cash used in investing activities** | **(B)** | **(4,344.34)** | **(5,620.90)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Repayment of long term borrowings | | - | (1.84) |
| Proceeds from issue of share capital including securities premium | | 1,845.90 | 1,607.80 |
| Repayment of foreign currency long term borrowings | | (2,061.35) | (2,231.88) |
| Payments towards lease liabilities | | (1,093.66) | (760.18) |
| Interest paid | | (372.82) | (349.11) |
| Dividends paid | | (4,600.06) | (4,083.62) |
| **Net cash generated / (used) in financing activities** | **(C)** | **(6,281.99)** | **(5,818.83)** |

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**Persistent Systems Limited**

**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2025**

| | For the year ended | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| | **In ₹ Million** | **In ₹ Million** |
| Net increase in cash and cash equivalents (A + B + C) | 942.83 | 1,581.36 |
| Cash and cash equivalents at the beginning of the year | 6,625.15 | 4,670.12 |
| Cash and cash equivalents acquired on acquisition | 56.38 | - |
| Effect of exchange difference on translation of foreign currency cash and cash equivalents | (11.76) | 23.84 |
| Impact of ESOP Trust & Persistent Foundation consolidation | (868.54) | 349.83 |
| **Cash and cash equivalents at the end of the year** | **6,744.06** | **6,625.15** |
| **Components of cash and cash equivalents** | | |
| Cash on hand (refer note 13) | 0.20 | 0.11 |
| Balances with banks | | |
| On current accounts # (refer note 13) | 4,392.63 | 4,819.66 |
| On saving accounts (refer note 13) | 27.50 | 23.48 |
| On exchange earner's foreign currency accounts (refer note 13) | 1,488.57 | 1,401.87 |
| On deposit accounts with original maturity less than three months (refer note 13) | 835.16 | 380.03 |
| **Cash and cash equivalents** | **6,744.06** | **6,625.15** |

# Of the cash and cash equivalent balance as at March 31, 2025, the Group can utilise ₹ 0.02 million (Previous year : ₹ 65.10 Million) only towards certain predefined activities specified in the government grant agreement.

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

Summary of material accounting policy information (refer note 4)

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

As per our report of even date

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

SHASHI PURUSHOTTAM TADWALKAR
Digitally signed by SHASHI PURUSHOTTAM TADWALKAR
Date: 2025.04.23 17:11:32 -07'00'

**Shashi Tadwalkar**
Partner

Membership No: 101797

Place : USA
Date : April 23, 2025

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

Anand Deshpande
Anand Deshpande (Apr 23, 2025 16:03 PDT)

**Dr. Anand Deshpande**
Chairman and Managing Director

DIN: 00005721

Place : USA
Date : April 23, 2025

Sandeep Kalra
Sandeep Kalra (Apr 23, 2025 16:02 PDT)

**Sandeep Kalra**
Executive Director and Chief Executive Officer

DIN: 02506494

Place : USA
Date : April 23, 2025

Praveen Kadle (Apr 23, 2025 16:11 PDT)

**Praveen Kadle**
Independent Director

DIN: 00016814

Place: USA
Date : April 23, 2025

Vinit Teredesai
Vinit Teredesai (Apr 23, 2025 16:09 PDT)

**Vinit Teredesai**
Executive Director and Chief Financial Officer

DIN: 03293917

Place : USA
Date : April 23, 2025

Amit Atre
Amit Atre (Apr 23, 2025 16:04 PDT)

**Amit Atre**
Company Secretary

Membership No. A20507

Place : USA
Date : April 23, 2025

## Persistent Systems Limited

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOR THE YEAR ENDED MARCH 31, 2025**

**A. Share capital**

(refer note 18(A))

**(In ₹ Million)**

| Balance as at April 1, 2024 | Changes in equity share capital during the year | Balance as at March 31, 2025 |
|---:|---:|---:|
| | | |
| **770.25** | **9.00** | **779.25** |

**(In ₹ Million)**

| Balance as at April 1, 2023 | Changes in equity share capital during the year | Balance as at March 31, 2024 |
|---:|---:|---:|
| | | |
| **764.25** | **6.00** | **770.25** |

*(This space is intentionally left blank)*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2025**

**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 | Retained earnings | Treasury shares | PSL ESOP Trust reserve | Effective portion of cash flow hedges | Exchange differences on translating the financial statements of foreign operations | |
| **Balance as at April 1, 2024** | 1,601.80 | 25,842.99 | 2,227.71 | 63.61 | 35.75 | 19,346.09 | (2,085.84) | 140.64 | 23.85 | 1,610.22 | 48,806.82 |
| Addition during the year | 1,836.90 | - | - | - | - | - | - | - | - | - | 1,836.90 |
| Net profit for the year | - | - | - | - | - | 14,001.61 | - | - | - | - | 14,001.61 |
| Items recognised in / from other comprehensive income for the year | - | - | - | - | - | 193.08 | - | - | (34.97) | 81.19 | 239.30 |
| Income tax effect on above | - | - | - | - | - | (49.81) | - | - | 8.80 | - | (41.01) |
| Dividend | - | - | - | - | - | (4,657.50) | - | - | - | - | (4,657.50) |
| Dividend Paid to ESOP trust | - | - | - | - | - | - | - | 40.13 | - | - | 40.13 |
| Shares held by ESOP trust | - | - | - | - | - | - | (908.26) | - | - | - | (908.26) |
| Transfer to general reserve | - | - | - | - | - | - | - | - | - | - | - |
| Adjustments towards employees stock options | - | 1,887.16 | (1,887.16) | - | - | - | - | - | - | - | - |
| Employee stock compensation expenses | - | - | 3,095.27 | - | - | - | - | - | - | - | 3,095.27 |
| Other changes during the year | - | - | (3.44) | 1.58 | - | - | - | - | - | - | (1.86) |
| **Balance at March 31, 2025** | **3,438.70** | **27,730.15** | **3,432.38** | **65.19** | **35.75** | **28,833.47** | **(2,994.10)** | **180.77** | **(2.32)** | **1,691.41** | **62,411.40** |

(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 | Retained earnings | Treasury shares | PSL ESOP Trust reserve | Effective portion of cash flow hedges | Exchange differences on translating the financial statements of foreign operations | |
| **Balance as at April 1, 2023** | - | 20,824.45 | 2,222.02 | 62.67 | 35.75 | 16,607.36 | (2,435.67) | 70.31 | (5.76) | 1,505.40 | 38,886.53 |
| Addition during the year | 1,601.80 | - | - | - | - | - | - | - | - | - | 1,601.80 |
| Profit for the year | - | - | - | - | - | 10,934.91 | - | - | - | - | 10,934.91 |
| Items recognised in / from other comprehensive income for the year | - | - | - | - | - | (98.29) | - | - | 21.59 | 104.82 | 28.12 |
| Income tax effect on above | - | - | - | - | - | 21.29 | - | - | 8.02 | - | 29.31 |
| Dividend | - | - | - | - | - | (4,153.95) | - | - | - | - | (4,153.95) |
| Dividend Paid to ESOP trust | - | - | - | - | - | - | - | 70.33 | - | - | 70.33 |
| Shares held by ESOP trust | - | - | - | - | - | - | 349.83 | - | - | - | 349.83 |
| Transfer to general reserve | - | 3,965.23 | - | - | - | (3,965.23) | - | - | - | - | - |
| Adjustments towards employees stock options | - | 1,087.56 | (1,087.56) | - | - | - | - | - | - | - | - |
| Employee stock compensation expenses | - | - | 1,091.75 | - | - | - | - | - | - | - | 1,091.75 |
| Other changes during the year | - | (34.25) | 1.50 | 0.94 | - | - | - | - | - | - | (31.81) |
| **Balance at March 31, 2024** | **1,601.80** | **25,842.99** | **2,227.71** | **63.61** | **35.75** | **19,346.09** | **(2,085.84)** | **140.64** | **23.85** | **1,610.22** | **48,806.82** |

Summary of material accounting policy information (refer note 4)

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

As per our report of even date

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

SHASHI PURUSHOTTAM TADWALKAR
Digitally signed by SHASHI PURUSHOTTAM TADWALKAR
Date: 2025.04.23 17:12:00 -07'00'

**Shashi Tadwalkar**
Partner

Membership No: 101797

Place : USA
Date : April 23, 2025

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

Anand Deshpande
Anand Deshpande (Apr 23, 2025 16:03 PDT)

**Dr. Anand Deshpande**
Chairman and Managing Director

DIN: 00005721

Place : USA
Date : April 23, 2025

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Sandeep Kalra (Apr 23, 2025 16:02 PDT)

**Sandeep Kalra**
Executive Director and
Chief Executive Officer

DIN: 02506494

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Praveen Kadle (Apr 23, 2025 16:11 PDT)

**Praveen Kadle**
Independent Director

DIN: 00016814

Place : USA
Date : April 23, 2025

Vinit Teredesai
Vinit Teredesai (Apr 23, 2025 16:09 PDT)

**Vinit Teredesai**
Executive Director and Chief Financial Officer
DIN: 03293917
Place : USA
Date : April 23, 2025

Amit Atre
Amit Atre (Apr 23, 2025 16:04 PDT)

**Amit Atre**
Company Secretary
Membership No. A20507
Place : USA
Date : April 23, 2025

**Nature and purpose of reserves**

**a) General reserve**

The general reserve is a free reserve created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of other comprehensive income ("OCI"). The same can be utilized in accordance with the provisions of the Companies Act, 2013.

**b) Share options outstanding reserve**

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

**c) Gain on bargain purchase**

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

**d) Capital redemption reserve**

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

**e) Cash flow hedge reserve**

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

**f) Foreign currency translation reserve**

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

**g) PSPL ESOP Trust reserve and Treasury shares**

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

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

**h) 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.

**i) Retained earnings**

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

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## 1 Group Overview

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 1956 Act"). The Company has its registered office at Bhageerath, 412 Senapati Bapat Road, Pune, Maharashtra, India. The shares of PSL are listed on Bombay Stock Exchange and National Stock Exchange. PSL is a global company specializing in software products, services and technology innovation. PSL together with its subsidiaries and controlled trust, is hereinafter referred to as 'the Group'. The Group offers complete product life cycle services.

The Board of Directors approved the consolidated financial statements for the year ended March 31, 2025 and authorised for issue on April 23, 2025 (PDT) i.e. April 24, 2025 (IST).

Persistent Systems, Inc. (PSI) based in the USA, a wholly owned subsidiary of PSL, is engaged in software product, services and technology innovation. Also, the Company is engaged in providing sales and marketing support and other allied services to its group entities.

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

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

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

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

Aepona Group Limited, an Ireland based wholly owned subsidiary of Persistent Systems, Inc. is engaged in software development and related services and also operates as the holding Company of Persistent Systems Lanka Ltd.

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

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

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

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

Persistent Systems Germany GmbH (wholly owned subsidiary of PSL) operates as the holding Company of Persistent Systems Switzerland AG, Persistent Systems Costa Rica Limitada (formerly known as Data Glove IT Solutions Limitada) and Persistent Systems S.r.l., Romania. Youperience GmbH and PARX Consulting GmbH have been merged with Persistent Systems Germany GmbH w.e.f August 21, 2023 and August 25, 2023, respectively.

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

PARX Consulting GmbH (a Germany based wholly owned subsidiary of Persistent Systems Switzerland AG) has been merged with Persistent Systems Germany GmbH w.e.f. August 25, 2023.

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

Youperience GmbH (a Germany based wholly owned subsidiary of Persistent Systems Germany GmbH) has been merged with Persistent Systems Germany GmbH w.e.f. August 21, 2023.

Youperience Limited (a United Kingdom based wholly owned subsidiary of Youperience GmbH) has been dissolved w.e.f. June 27, 2023.

Persistent Systems S.R.L. Romania is a wholly owned subsidiary of Persistent Systems Germany GmbH is engaged in software development and services.

CAPIOT Software Private Limited is a India based wholly owned subsidiary of PSL.

CAPIOT Software Inc (a US based wholly owned subsidiary of Persistent Systems Inc) has been dissolved w.e.f. December 29, 2023.

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

CAPIOT Software Pte Limited (a Singapore based wholly owned subsidiary of CAPIOT Software Inc) has been dissolved w.e.f. April 6, 2023 and the same has not been considered for the purpose of consolidation.

Persistent Systems SRL (a Italy based wholly owned subsidiary of Persistent Systems Inc.) has been dissolved w.e.f. February 26, 2024.

Software Corporation International LLC (a US based wholly owned subsidiary of Persistent Systems Inc) is specialized in payment solutions, integration, and support services for BFSI clients has been dissolved w.e.f. June 27, 2024.

SCI Fusion360 LLC (a US based wholly owned subsidiary of Persistent Systems Inc) has been dissolved w.e.f. May 31, 2023.

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

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

MediaAgility UK Limited (a UK based wholly owned subsidiary of MediaAgility, Inc) is cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner.

Digitalagility S. DE R.L.de C.V. (a Mexico based wholly owned subsidiary of MediaAgility, Inc) is cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner.

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

Persistent Systems Poland sp z.o.o. is a subsidiary of Persistent Systems Inc. and is incorporated on April 5, 2023 is engaged in providing software products, services and technology innovation.

Persistent India Foundation was incorporated under Section 8 of the Companies Act, 2013 effective from May 1, 2024, as a wholly owned subsidiary of the company for carrying out CSR activities.

Starfish Associates, LLC, USA has become a wholly owned subsidiary of Persistent Systems Inc, USA (wholly owned subsidiary) effective from August 1, 2024. Starfish Associates is known for its intelligent integration hub and workflow engine that seamlessly connects an array of business applications and communication systems, significantly enhancing multi-vendor communication management.

Arrka Infosec Private Limited, India (a private company incorporated under the Companies Act, 1956) has become a wholly owned subsidiary of Persistent Systems Limited effective from October 28, 2024. The subsidiary specializes in data protection and privacy compliance services, strengthening PSL's market position in these domains.

The Group has assessed PSPL ESOP Management Trust to be a controlled entity and accordingly the same has been consolidated.

## 2 Basis of preparation

The consolidated financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 ("the Act") and Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair values, defined benefit liability/(asset) which is recognized at the present value of defined benefit obligation less fair value of plan asset and equity settled employee stock options which have been measured at fair value. The Ind AS are prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

Accounting policies have been consistently applied 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.

Amounts in the consolidated financial statements are presented in Indian Rupees in millions as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees.

## 3 Basis of consolidation

The consolidated financial statements of the Parent Company, its subsidiaries and the controlled trust ("the Group") for the year ended March 31, 2025 are prepared in accordance with generally accepted accounting principles applicable in India, and the Indian Accounting Standard 110 (Ind AS 110) on 'Consolidated Financial Statements', notified by Companies (Accounting Standards) Rules, 2015, ("Indian Accounting Standards") by and to the extent possible in the same format as that adopted by the Parent Company for its separate financial statements.

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

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

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

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

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

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

| Name of the subsidiary or controlled trust | Ownership Percentage as at | | Country of incorporation |
|---|---|---|---|
| | March 31, 2025 | March 31, 2024 | |
| Persistent Systems, Inc. | 100% | 100% | USA |
| Persistent Systems Pte Ltd. | 100% | 100% | Singapore |
| Persistent Systems France SAS | 100% | 100% | France |
| Persistent Telecom Solutions Inc. | 100% | 100% | USA |
| Persistent Systems Malaysia Sdn. Bhd. | 100% | 100% | Malaysia |
| Aepona Group Limited | 100% | 100% | Ireland |
| Persistent Systems UK Limited (formerly known as Aepona Limited) | 100% | 100% | UK |
| Persistent Systems Lanka (Private) Limited | 100% | 100% | Sri Lanka |
| Persistent Systems Mexico, S.A. de C.V. | 100% | 100% | Mexico |
| Persistent Systems Israel Ltd. | 100% | 100% | Israel |
| Persistent Systems Germany GmbH | 100% | 100% | Germany |
| Persistent Systems Switzerland AG (formerly known as PARX Werk AG) | 100% | 100% | Switzerland |
| PARX Consulting GmbH (Dissolved w.e.f. August 25, 2023) | - | - | Germany |
| Youperience GmbH (Dissolved w.e.f. August 21, 2023) | - | - | Germany |
| Youperience Limited (Dissolved w.e.f. June 27, 2023) | - | - | United Kingdom |
| CAPIOT Software Private Limited | 100% | 100% | India |
| CAPIOT Software Inc. (Dissolved w.e.f. December 29, 2023) | - | - | USA |
| Persistent Systems Australia Pty Ltd (formerly known as CAPIOT Software Pty Ltd) | 100% | 100% | Australia |
| CAPIOT Software Pte Limited (Dissolved w.e.f. April 6, 2023) | - | - | Singapore |
| Persistent Systems S.R.L. (Dissolved w.e.f. February 26, 2024) | - | - | Italy |
| Software Corporation International LLC (Dissolved w.e.f. June 27, 2024) | - | 100% | USA |
| SCI Fusion360 LLC (Dissolved w.e.f. May 31, 2023) | - | - | USA |
| Persistent Systems Costa Rica Limitada (formerly known as Data Glove IT Solutions Limitada) | 100% | 100% | Costa Rica |
| MediaAgility India Private Limited | 100% | 100% | India |
| MediaAgility Inc. | 100% | 100% | USA |
| Digitalagility S. DE R.L.de C.V. | 100% | 100% | Mexico |
| MediaAgility UK Limited | 100% | 100% | UK |
| Media Agility Pte Ltd | 100% | 100% | Singapore |
| Persistent Systems S.R.L. Romania | 100% | 100% | Romania |
| Persistent Systems Poland sp z.o.o. (Incorporated on April 5, 2023) | 100% | 100% | Poland |
| PSPL ESOP Management Trust | 100% | 100% | India |
| Persistent India Foundation (Incorporated on May 1, 2024) | 100% | - | India |
| Starfish Associates LLC, USA (acquired on August 1, 2024) | 100% | - | USA |
| Arrka Infosec Private Limited (acquired on October 28, 2024) | 100% | - | India |

The share of subsidiaries in the consolidated net assets, consolidated profit or loss and consolidated other comprehensive income is as follows for Financial Year 2024-25:

| Name of the Company | Share in Net assets | | Share in Profit or (loss) | | Share in Other Comprehensive Income (OCI) | | Share in Total Comprehensive Income | |
|---|---|---|---|---|---|---|---|---|
| | As a % of consolidated net assets | Amount (In ₹ Million) | As a % of consolidated profit | Amount (In ₹ Million) | As a % of consolidated OCI | Amount (In ₹ Million) | As a % of consolidated Total Comprehensive Income | Amount (In ₹ Million) |
| **Parent Company:** | | | | | | | | |
| Persistent Systems Limited | 81.38% | 59,740.08 | 90.57% | 11,551.41 | 104.12% | 121.93 | 90.69% | 11,673.34 |
| **Subsidiaries:** | | | | | | | | |
| Persistent Systems, Inc. | 13.01% | 9,548.85 | 4.68% | 597.32 | 0.00% | - | 4.64% | 597.32 |
| Persistent Systems Pte. Ltd. | 0.06% | 41.89 | 0.02% | 3.12 | 0.00% | - | 0.02% | 3.12 |
| Persistent Systems France SAS | -0.14% | (103.62) | -0.72% | (91.23) | 0.00% | - | -0.71% | -91.23 |
| Persistent Telecom Solutions Inc. | 0.39% | 289.60 | 0.00% | (0.55) | 0.00% | - | 0.00% | -0.55 |
| Persistent Systems Malaysia Sdn. Bhd. | 0.36% | 266.71 | -0.04% | (5.01) | 0.00% | - | -0.04% | -5.01 |
| Aepona Group Limited | 1.70% | 1,246.70 | 3.14% | 401.05 | 0.00% | - | 3.12% | 401.05 |
| Persistent Systems UK Limited | -0.16% | (115.76) | 1.38% | 176.54 | 0.00% | - | 1.37% | 176.54 |
| Persistent Systems Lanka (Private) Limited | 0.41% | 301.12 | 0.04% | 5.61 | -4.12% | (4.83) | 0.01% | 0.78 |
| Persistent Systems Israel Ltd. | 0.24% | 174.23 | 0.08% | 10.63 | 0.00% | - | 0.08% | 10.63 |
| Persistent Systems Mexico, S.A. de C.V. | 0.17% | 127.73 | 0.23% | 29.44 | 0.00% | - | 0.23% | 29.44 |
| Persistent Systems Germany GmbH | 0.18% | 133.06 | -1.09% | (138.80) | 0.00% | - | -1.08% | -138.80 |
| Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) | 0.26% | 189.17 | -0.09% | (11.50) | 0.00% | - | -0.09% | -11.50 |
| PARX Consulting GmbH | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Youperience Limited | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Youperience GmbH | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| CAPIOT Software Private Limited | 0.07% | 51.21 | -0.04% | (4.64) | 0.00% | - | -0.04% | -4.64 |
| CAPIOT Software Inc. | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Persistent Systems Australia Pty Ltd | -0.09% | (68.48) | 0.21% | 27.31 | 0.00% | - | 0.21% | 27.31 |
| CAPIOT Software Pte Limited (refer note 1) | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Persistent Systems S.R.L | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Software Corporation International | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| SCI Fusion360 LLC | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Persistent Systems Costa Rica Limitada | 0.28% | 203.67 | 0.57% | 72.27 | 0.00% | - | 0.56% | 72.27 |
| MediaAgility India Private Limited | 0.69% | 507.10 | 0.89% | 113.82 | 0.00% | - | 0.88% | 113.82 |
| MediaAgility Inc. | 1.21% | 886.76 | -0.17% | (22.02) | 0.00% | - | -0.17% | -22.02 |
| MediaAgility UK LTD | -0.03% | (19.05) | -0.03% | (3.91) | 0.00% | - | -0.03% | -3.91 |
| DIGITALAGILITY S DE RL DE CV | -0.09% | (69.55) | -0.08% | (9.86) | 0.00% | - | -0.08% | -9.86 |
| MediaAgility Pte Ltd | 0.01% | 10.14 | -0.05% | (6.89) | 0.00% | - | -0.05% | -6.89 |
| Persistent Systems S.R.L.- Romania | 0.07% | 53.56 | 0.10% | 12.91 | 0.00% | - | 0.10% | 12.91 |
| Persistent Systems Poland sp z.o.o. | 0.04% | 30.98 | 0.13% | 16.54 | 0.00% | - | 0.13% | 16.54 |
| PSPL ESOP Management Trust | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Persistent India Foundation | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Starfish Associates LLC, USA | -0.02% | (15.11) | 0.30% | 38.17 | 0.00% | - | 0.30% | 38.17 |
| Arrka Infosec Private Limited | 0.00% | (1.62) | -0.06% | (7.53) | 0.00% | - | -0.06% | -7.53 |
| **Subtotal** | **100.00%** | **73,409.37** | **100.00%** | **12,754.19** | **100.00%** | **117.10** | **100.00%** | **12,871.29** |
| Exchange differences on translating the financial statements of foreign operations | - | - | - | - | - | 81.19 | - | 81.19 |
| Consolidation adjustments | - | (10,218.72) | - | - | - | - | - | - |
| Amortization of Intangibles recognized on Business Combination | - | - | - | (525.83) | - | - | - | (525.83) |
| DTA on items recognised on consolidation | - | - | - | (4.77) | - | - | - | (4.77) |
| Dividend from subsidiaries | - | - | - | (111.37) | - | - | - | (111.37) |
| Others | - | - | - | 1,889.39 | - | - | - | 1,889.39 |
| **Total** | | **63,190.65** | | **14,001.61** | | **198.29** | | **14,199.90** |

Note 1: CAPIOT Software Pte Limited has been dissolved w.e.f. April 6, 2023 and the same has not been considered for the purpose of consolidation.

The share of subsidiaries in the consolidated net assets, consolidated profit or loss and consolidated other comprehensive income is as follows for Financial Year 2023-24:

| Name of the Company | Share in Net assets | | Share in Profit or (loss) | | Share in Other Comprehensive Income (OCI) | | Share in Total Comprehensive Income | |
|---|---|---|---|---|---|---|---|---|
| | As a % of consolidated net assets | Amount (₹ million) | As a % of consolidated profit | Amount (₹ million) | As a % of consolidated OCI | Amount (₹ million) | As a % of consolidated Total Comprehensive Income | Amount (₹ million) |
| **Parent Company:** | | | | | | | | |
| Persistent Systems Limited | 79.08% | 47,786.51 | 81.97% | 9,856.65 | 71.20% | (33.74) | 82.02% | 9,822.91 |
| **Subsidiaries:** | | | | | | | | |
| Persistent Systems, Inc. | 14.53% | 8,777.68 | 13.25% | 1,593.77 | 0.00% | - | 13.31% | 1,593.77 |
| Persistent Systems Pte. Ltd. | 0.06% | 37.50 | 0.03% | 3.35 | 0.00% | - | 0.03% | 3.35 |
| Persistent Systems France SAS | -0.02% | (9.23) | -0.93% | (111.62) | 0.00% | - | -0.93% | (111.62) |
| Persistent Telecom Solutions Inc. | 0.47% | 283.66 | 0.90% | 108.41 | 0.00% | - | 0.91% | 108.41 |
| Persistent Systems Malaysia Sdn. Bhd. | 0.41% | 249.82 | 0.03% | 3.31 | 0.00% | - | 0.03% | 3.31 |
| Aepona Group Limited | 1.36% | 819.69 | 6.41% | 771.14 | 0.00% | - | 6.44% | 771.14 |
| Persistent Systems UK Limited | 0.09% | 52.33 | 0.39% | 46.67 | 0.00% | - | 0.39% | 46.67 |
| Persistent Systems Lanka (Private) Limited | 0.48% | 288.02 | 0.21% | 25.64 | 28.80% | (13.65) | 0.10% | 11.99 |
| Persistent Systems Israel Ltd. | 0.27% | 160.33 | 0.00% | (0.13) | 0.00% | - | 0.00% | (0.13) |
| Persistent Systems Mexico, S.A. de C.V. | 0.18% | 111.03 | 0.38% | 46.00 | 0.00% | - | 0.38% | 46.00 |
| Persistent Systems Germany GmbH | 0.44% | 268.45 | 0.43% | 51.77 | 0.00% | - | 0.43% | 51.77 |
| Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) | 0.50% | 304.69 | 2.82% | 339.56 | 0.00% | - | 2.84% | 339.56 |
| PARX Consulting GmbH | 0.00% | - | -0.31% | (36.85) | 0.00% | - | -0.31% | (36.85) |
| Youperience Limited | 0.00% | - | 0.00% | 0.43 | 0.00% | - | 0.00% | 0.43 |
| Youperience GmbH | 0.00% | - | -0.14% | (17.35) | 0.00% | - | -0.14% | (17.35) |
| CAPIOT Software Private Limited | 0.09% | 55.85 | -0.01% | (1.70) | 0.00% | - | -0.01% | (1.70) |
| CAPIOT Software Inc. | 0.00% | - | 0.05% | 5.82 | 0.00% | - | 0.05% | 5.82 |
| Persistent Systems Australia Pty Ltd | -0.16% | (95.63) | -0.28% | (34.06) | 0.00% | - | -0.28% | (34.06) |
| CAPIOT Software Pte Limited (refer note 1) | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Persistent Systems S.R.L | 0.00% | - | 0.03% | 3.41 | 0.00% | - | 0.03% | 3.41 |
| Software Corporation International | 0.04% | 21.64 | -0.19% | (22.29) | 0.00% | - | -0.19% | (22.29) |
| SCI Fusion360 LLC | 0.00% | - | -0.12% | (14.57) | 0.00% | - | -0.12% | (14.57) |
| Persistent Systems Costa Rica Limitada | 0.21% | 124.87 | 0.46% | 54.74 | 0.00% | - | 0.46% | 54.74 |
| MediaAgility India Private Limited | 0.65% | 393.28 | 1.31% | 157.39 | 0.00% | - | 1.31% | 157.39 |
| MediaAgility Inc. | 1.47% | 886.15 | -0.54% | (64.68) | 0.00% | - | -0.54% | (64.68) |
| MediaAgility UK LTD | -0.02% | (14.38) | 0.01% | 0.61 | 0.00% | - | 0.01% | 0.61 |
| DIGITALAGILITY S DE RL DE CV | -0.12% | (71.10) | -0.16% | (18.83) | 0.00% | - | -0.16% | (18.83) |
| MediaAgility Pte Ltd | 0.03% | 16.90 | 0.03% | 3.15 | 0.00% | - | 0.03% | 3.15 |
| Persistent Systems S.R.L.- Romania | 0.07% | 39.40 | 0.25% | 30.52 | 0.00% | - | 0.25% | 30.52 |
| Persistent Systems Poland sp z.o.o. | 0.02% | 13.12 | 0.11% | 12.63 | 0.00% | - | 0.11% | 12.63 |
| PSPL ESOP Management Trust | -0.12% | (74.61) | -6.39% | (768.92) | 0.00% | - | -6.42% | (768.92) |
| **Subtotal** | **100.00%** | **60,425.97** | **100.00%** | **12,023.97** | **100.00%** | **(47.39)** | **100.00%** | **11,976.58** |
| Exchange differences on translating the financial statements of foreign operations | - | - | - | - | - | 104.82 | - | 104.82 |
| Consolidation adjustments | - | (10,848.90) | - | - | - | - | - | - |
| Amortization of Intangibles recognized on Business Combination | - | - | - | (1,010.58) | - | - | - | (1,010.58) |
| DTA on items recognised on consolidation | - | - | - | 7.66 | - | - | - | 7.66 |
| Dividend from subsidiaries | - | - | - | (995.82) | - | - | - | (995.82) |
| Others | - | - | - | 909.68 | - | - | - | 909.68 |
| **Total** | **100.00%** | **49,577.07** | | **10,934.91** | **100.00%** | **57.43** | | **10,992.34** |

Note 1: CAPIOT Software Pte Limited has been dissolved w.e.f. April 6, 2023 and the same has not been considered for the purpose of consolidation.

## 4 Material accounting policy information

### 4.1 Use of estimates and judgements

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

### 4.2 Critical accounting estimates and judgements

#### a) Revenue recognition

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

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

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

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

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

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

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

**b) Income taxes**

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

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

**c) Business combination**

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

**d) Property, plant and equipment**

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

**e) Leases**

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

As noted above, the Group enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Group uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

f) **Provisions and contingent liabilities**

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

g) **Defined benefits and compensated absences**

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

h) **Share based payments**

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

i) **Impairment of assets**

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

**4.3 Summary of material accounting policies**

a) **Current versus non-current classification**

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

b) **Property, plant and equipment**

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

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

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

**c) Intangible assets**

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

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

*Research and development cost*

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the 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 capitalisation, is reflected as intangible assets under development.

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

**d) Depreciation and amortisation**

Depreciation on property, plant and equipment is provided from the date the asset is made available for use using the Straight Line Method (‘SLM’) over the useful lives of the assets.

The estimated useful lives for the property, plant and equipment, except for leasehold improvements, are as follows:

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

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

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

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

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

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

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

**e) Borrowing costs**

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

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

**f) Leases**

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

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

(i) the contract involves the use of an identified asset

(ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Group has the right to direct the use of the asset

***Where the Group is a lessee***

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

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

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

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

**g) Impairment of non-financial assets**

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

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

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

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

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

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

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

Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually as at reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

**h) Financial instruments**

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

**Initial recognition and measurement**

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

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

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

**Subsequent measurement**

**Non-derivative financial instruments**

**Financial assets**

**Financial assets at amortised cost**

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

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

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

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

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

**Cash and cash equivalents**

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

**Financial liabilities**

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

**Derivative financial instruments**

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

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

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

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

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

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

**Derecognition**

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

The Group derecognises financial liabilities when the Group'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 consolidated statement of profit and loss.

**Financial guarantee contracts**

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

**Fair value of financial instruments**

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

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

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

**Impairment of financial assets**

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

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

i) **Revenue recognition**

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognised upon transfer of control of promised products or services (“performance obligations”) to customers in an amount that reflects the consideration the Group has received or expects to receive in exchange for these products or services (“transaction price”). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Group allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Group estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

The Group’s contracts may include variable consideration including rebates, volume discounts and penalties. The Group includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

**Income from software services and licences**

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

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

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

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

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

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

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

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

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

**Interest**

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

**Dividend**

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

**Contract balances**

***Contract assets***

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

***Contract liabilities***

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

**j) Foreign currency translation**

**Foreign currency**

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

***Initial recognition***

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

***Conversion***

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

***Exchange differences***

Exchange differences arising on conversion / settlement of foreign currency monetary items and on foreign currency liabilities relating to property, plant and equipment acquisition are recognised as income or expenses in the period in which they arise.

***Translation of foreign operations***

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

**k) Employee benefits**

**Defined contribution plan**

**Provident fund**

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

**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 consolidated statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

**Defined benefit plan**

**Gratuity**

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

**Compensated absences and long service awards**

**Leave encashment**

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The 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 recognised in full in the consolidated financial statement of profit and loss. Expense on non-accumulating compensated absences is recognised 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.

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

**Long service awards**

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

During the year, the group has discontinued the said policy.

**Other employee benefits**

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

**l) Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the 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 recognised directly in equity is recognised in equity and not in the consolidated statement of profit and loss.

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

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

In the situations where the 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 recognised 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 recognised in the period in which the temporary differences originate.

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

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

Deferred tax relating to items recognised outside the consolidated statement of profit and loss is recognised in co-relation to the underlying transaction either in OCI or directly in equity.

**m) 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 amortisation and other non-cash expenses into various reportable segments have not been presented except for trade receivables and unbilled revenue as these items are used interchangeably among segments and the Group is of the view that it is not practical to reasonably allocate these items to individual segments and an ad-hoc allocation will not be meaningful.

**(iv) Inter-segment transfers**

There are no inter-segments transactions.

**(v) Segment accounting policies**

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

**n) Earnings per share (EPS)**

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

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

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

**o) Provision**

A provision is recognised 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.

**p) Contingent liabilities and commitments**

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

**q) Share based payments**

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

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

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

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

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

**r) Equity**

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

**s) Treasury shares**

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

**t) Dividend**

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

**u) Business combination**

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

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

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

Business combinations between entities under common control is accounted for using pooling of interest method. The identity of the reserves is preserved as they appear in the standalone financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to business transfer reserve.

**v) 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 recognised in the other comprehensive income as gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

**w) Cashflow statement**

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated. The Group considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

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**5.1 Property, plant and equipment**

(In ₹ Million)

| | Land - Freehold | Buildings (refer note 1) | Computers (refer note 2) | Office equipments | Plant and equipment | Leasehold improvements | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross block (At cost)** | | | | | | | | | |
| As at April 1, 2024 | 1,007.27 | 2,896.21 | 4,861.81 | 242.25 | 2,074.95 | 85.57 | 1,171.16 | 14.84 | 12,354.06 |
| Additions | - | 10.34 | 680.77 | 14.22 | 229.80 | 5.23 | 67.42 | 0.87 | 1,008.65 |
| Additions on account of acquisition (refer note 45) | - | - | 20.37 | 0.01 | 4.22 | - | 4.15 | - | 28.75 |
| Other adjustments | - | - | (1.07) | (159.76) | 159.67 | - | - | - | (1.16) |
| Disposals | - | 14.90 | 366.57 | 6.71 | 92.05 | 13.23 | 68.50 | 0.33 | 562.29 |
| Effect of foreign currency translation from functional currency to reporting currency | 0.42 | 1.92 | 29.85 | (2.36) | 5.87 | (3.75) | 6.58 | 0.01 | 38.54 |
| **As at March 31, 2025** | **1,007.69** | **2,893.57** | **5,225.16** | **87.65** | **2,382.46** | **73.82** | **1,180.81** | **15.39** | **12,866.55** |
| | | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | | |
| As at April 1, 2024 | - | 1,517.33 | 4,003.61 | 112.65 | 1,414.13 | 59.26 | 818.90 | 8.15 | 7,934.03 |
| Charge for the year | - | 123.61 | 434.41 | 6.48 | 239.50 | 6.43 | 108.30 | 1.92 | 920.65 |
| Additions on account of acquisition (refer note 45) | - | - | 20.24 | 0.01 | 4.22 | - | 4.15 | - | 28.62 |
| Other adjustments | - | - | - | (44.30) | 44.45 | - | - | - | 0.15 |
| Disposals | - | 11.65 | 245.06 | 6.71 | 88.56 | 13.23 | 60.40 | 0.33 | 425.94 |
| Effect of foreign currency translation from functional currency to reporting currency | - | 1.03 | 48.12 | (2.21) | 3.45 | (4.36) | 12.08 | 0.05 | 58.16 |
| **As at March 31, 2025** | **-** | **1,630.32** | **4,261.32** | **65.92** | **1,617.19** | **48.10** | **883.03** | **9.79** | **8,515.67** |
| | | | | | | | | | |
| **Net block as at March 31, 2025** | **1,007.69** | **1,263.25** | **963.84** | **21.73** | **765.27** | **25.72** | **297.78** | **5.60** | **4,350.88** |

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**5.1 Property, plant and equipment (continued)**

(In ₹ Million)

| | Land - Freehold | Buildings (refer note 1) | Computers | Office equipments | Plant and equipment | Leasehold improvements | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross block (At cost)** | | | | | | | | | |
| As at April 1, 2023 | 1,007.14 | 2,880.89 | 4,773.83 | 130.79 | 1,960.91 | 67.18 | 1,099.50 | 15.88 | 11,936.12 |
| Additions | - | 15.13 | 375.92 | 115.10 | 159.74 | 15.39 | 81.74 | 0.22 | 763.24 |
| Acquisition through merger | - | - | 28.24 | - | 5.28 | - | 8.66 | - | 42.18 |
| Disposals | - | 0.32 | 340.14 | 5.35 | 51.67 | - | 23.38 | 1.26 | 422.12 |
| Effect of foreign currency translation from functional currency to reporting currency | 0.13 | 0.51 | 23.96 | 1.71 | 0.69 | 3.00 | 4.64 | - | 34.64 |
| **As at March 31, 2024** | **1,007.27** | **2,896.21** | **4,861.81** | **242.25** | **2,074.95** | **85.57** | **1,171.16** | **14.84** | **12,354.06** |
| **Accumulated depreciation** | | | | | | | | | |
| As at April 1, 2023 | - | 1,393.29 | 3,493.89 | 101.64 | 1,285.82 | 52.55 | 741.70 | 7.28 | 7,076.17 |
| Acquisition through merger | - | - | 24.15 | - | 4.92 | - | 7.88 | - | 36.95 |
| Charge for the year | - | 124.11 | 780.31 | 15.25 | 174.00 | 4.01 | 87.70 | 2.13 | 1,187.51 |
| Disposals | - | 0.32 | 313.86 | 4.76 | 50.41 | - | 22.16 | 1.26 | 392.77 |
| Effect of foreign currency translation from functional currency to reporting currency | - | 0.25 | 19.12 | 0.52 | (0.20) | 2.70 | 3.78 | - | 26.17 |
| **As at March 31, 2024** | **-** | **1,517.33** | **4,003.61** | **112.65** | **1,414.13** | **59.26** | **818.90** | **8.15** | **7,934.03** |
| **Net block as at March 31, 2024** | **1,007.27** | **1,378.88** | **858.20** | **129.60** | **660.82** | **26.31** | **352.26** | **6.69** | **4,420.03** |

Note 1: Buildings include those constructed on leasehold land:

a) Gross block as on March 31, 2025 ₹ 1,460.20 Million (Previous year : ₹ 1,460.40 Million)

b) Depreciation charge for the period ₹ 58.04 Million (Previous year ₹ 59.30 Million)

c) Accumulated depreciation as on March 31, 2025 ₹ 793.47 Million (Previous year ₹ 735.52 Million)

d) Net block value as on March 31, 2025 ₹ 666.73 Million (Previous year ₹ 724.88 Million)

Note 2: The management has revised estimated useful life of computers and networking equipments prospectively (refer note 51 for details).

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### 5.2 Capital work in progress

(In ₹ Million)

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Balance at beginning of year | 218.73 | 161.38 |
| Additions | 831.76 | 820.59 |
| Capitalised during the year | 1,008.65 | 763.24 |
| **Balance at end of year** | **41.84** | **218.73** |

### 5.2 Capital work in progress (CWIP) ageing schedule

(In ₹ Million)

| | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 41.84 | - | - | - | 41.84 |
| **As at March 31, 2025** | **41.84** | **-** | **-** | **-** | **41.84** |

(In ₹ Million)

| | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 139.92 | 78.81 | - | - | 218.73 |
| **As at March 31, 2024** | **139.92** | **78.81** | **-** | **-** | **218.73** |

There are no projects whose completion schedule is overdue or has exceeded its cost compared to its original plan as of current year and previous year

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**5.3 Right of use assets**

(In ₹ Million)

| | Leasehold land | Office premises | Other assets | Total |
|---|---|---|---|---|
| **Gross block (At cost)** | | | | |
| As at April 1, 2024 | 131.97 | 3,640.10 | - | 3,772.07 |
| Additions during the year | 835.59 | 1,503.26 | 276.80 | 2,615.65 |
| Disposals | - | 546.22 | - | 546.22 |
| Lease Modifications | - | 142.32 | - | 142.32 |
| Other Adjustments | 5.80 | (49.54) | | (43.74) |
| Effect of foreign currency translation of foreign operations from functional currency to reporting currency | - | 35.06 | - | 35.06 |
| **As at March 31, 2025** | **973.36** | **4,440.34** | **276.80** | **5,690.50** |
| **Accumulated depreciation** | | | | |
| As at April 1, 2024 | 4.76 | 1,460.13 | - | 1,464.89 |
| Charge for the year | 12.76 | 894.30 | 14.09 | 921.15 |
| Disposals | | 352.92 | - | 352.92 |
| Lease Modifications | - | 119.31 | - | 119.31 |
| Other Adjustments | - | (39.71) | | (39.71) |
| Effect of foreign currency translation of foreign operations from functional currency to reporting currency | - | 17.73 | - | 17.73 |
| **As at March 31, 2025** | **17.52** | **1,860.22** | **14.09** | **1,891.83** |
| **Net block as at March 31, 2025** | **955.84** | **2,580.12** | **262.71** | **3,798.67** |

(In ₹ Million)

| | Leasehold land | Office premises | Other assets | Total |
|---|---|---|---|---|
| **Gross block (At cost)** | | | | |
| As at April 1, 2023 | 131.97 | 2,994.30 | - | 3,126.27 |
| Additions during the year | - | 1,123.90 | - | 1,123.90 |
| Disposals | - | 520.17 | - | 520.17 |
| Effect of foreign currency translation of foreign operations from functional currency to reporting currency | - | 42.07 | - | 42.07 |
| **As at March 31, 2024** | **131.97** | **3,640.10** | **-** | **3,772.07** |
| **Accumulated depreciation** | | | | |
| As at April 1, 2023 | 3.22 | 924.84 | - | 928.06 |
| Acquisition through merger | - | 112.12 | - | 112.12 |
| Charge for the year | 1.54 | 649.96 | - | 651.50 |
| Disposals | - | 238.18 | - | 238.18 |
| Effect of foreign currency translation of foreign operations from functional currency to reporting currency | - | 11.39 | - | 11.39 |
| **As at March 31, 2024** | **4.76** | **1,460.13** | **-** | **1,464.89** |
| **Net block as at March 31, 2024** | **127.21** | **2,179.97** | | **2,307.18** |

**5.4 Goodwill**

(In ₹ Million)

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Cost** | | |
| Balance at beginning of the year | 10,912.56 | 7,183.71 |
| Addition on purchase price allocation of business combination (refer note 45) | 1,160.02 | 3,322.19 |
| Effect of foreign currency translation of foreign operations from functional currency to reporting currency | 265.36 | 406.66 |
| **Balance at end of the year** | **12,337.94** | **10,912.56** |

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU or groups of CGUs, which benefit from the synergies of the acquisition. The Group internally reviews the goodwill for impairment at the operating segment level, after allocation of the goodwill to CGUs or groups of CGUs.

The allocation of goodwill to operating segments is as follows :

(In ₹ Million)

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Segment** | | |
| a. Banking, Financial Services and Insurance (BFSI) | 2,498.49 | 2,437.97 |
| b. Healthcare & Life Sciences | - | - |
| c. Software, Hi-Tech and Emerging Industries | 9,839.46 | 8,474.59 |
| | **12,337.95** | **10,912.56** |
| Operating segments without significant goodwill | - | - |
| **Total** | **12,337.95** | **10,912.56** |

The recoverable amount of a CGU is determined based on its value-in-use. Value-in-use is determined based on discounted future cash flows.

The key assumptions used for the calculations are as follows :

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Long-term growth rate | 4.86% | 4.20% |
| Operating margins | 13% to 23% | 10% to 25% |
| Discount rate | 15% to 19% | 14% to 17% |

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Group. As at March 31, 2025, the estimated recoverable amount of the CGU exceeded its carrying amount. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount. Operating margin and long term growth rate are in line with company's current operations.

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

**5.5 Other Intangible assets**

(In ₹ Million)

| | Software | Acquired contractual rights | Total |
|---|---|---|---|
| **Gross block** | | | |
| As at April 1, 2024 | 3,476.27 | 12,212.59 | 15,688.86 |
| Additions | 323.38 | 1,560.86 | 1,884.24 |
| Disposals | 528.05 | - | 528.05 |
| Effect of foreign currency translation from functional currency to reporting currency | 61.18 | 445.16 | 506.34 |
| **As at March 31, 2025** | **3,332.78** | **14,218.61** | **17,551.39** |
| **Accumulated amortisation** | | | |
| As at April 1, 2024 | 3,021.23 | 8,092.68 | 11,113.91 |
| Charge for the year | 270.97 | 956.33 | 1,227.30 |
| Disposals | 305.10 | - | 305.10 |
| Effect of foreign currency translation from functional currency to reporting currency | 56.11 | 535.84 | 591.95 |
| **As at March 31, 2025** | **3,043.21** | **9,584.85** | **12,628.06** |
| **Net block as at March 31, 2025** | **289.57** | **4,633.76** | **4,923.33** |

(In ₹ Million)

| | Software | Acquired contractual rights | Provisional intangible assets | Total |
|---|---|---|---|---|
| **Gross block** | | | | |
| As at April 1, 2023 | 3,312.14 | 10,093.33 | 5,239.19 | 18,644.66 |
| Additions | 127.90 | - | - | 127.90 |
| Disposals | 0.03 | - | - | 0.03 |
| Reclassification on purchase price allocation of business combination (refer note 45 (C)) | - | 1,548.49 | (4,870.68) | (3,322.19) |
| Effect of foreign currency translation from functional currency to reporting currency | 36.26 | 570.77 | (368.51) | 238.52 |
| **As at March 31, 2024** | **3,476.27** | **12,212.59** | **-** | **15,688.86** |
| **Accumulated amortisation** | | | | |
| As at April 1, 2023 | 2,744.90 | 6,506.21 | 222.13 | 9,473.24 |
| Charge for the year | 244.14 | 1,010.58 | - | 1,254.72 |
| Disposals | 0.03 | - | - | 0.03 |
| Reclassification on purchase price allocation of business combination (refer note 45 (C)) | - | 523.67 | (523.67) | - |
| Effect of foreign currency translation from functional currency to reporting currency | 32.22 | 52.22 | 301.54 | 385.98 |
| **As at March 31, 2024** | **3,021.23** | **8,092.68** | **-** | **11,113.91** |
| **Net block as at March 31, 2024** | **455.04** | **4,119.91** | **-** | **4,574.95** |

Acquired contractual rights having carrying amount of ₹ 4,633.76 million have remaining amortisation period between 4-7 years.

**5.6 Intangible Assets under Development**

(In ₹ Million)

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Balance at beginning of year | 116.53 | - |
| Additions | 703.96 | 116.53 |
| Capitalised during the year | 88.72 | - |
| **Balance at end of year** | **731.77** | **116.53** |

**Intangible Assets under Development Ageing Schedule**

(In ₹ Million)

| | Amount in Intangible Asset under Development for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 703.96 | 27.81 | - | - | 731.77 |
| **As at March 31, 2025** | **703.96** | **27.81** | **-** | **-** | **731.77** |

(In ₹ Million)

| | Amount in Intangible Asset under Development for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 116.53 | - | - | - | 116.53 |
| **As at March 31, 2024** | **116.53** | **-** | **-** | **-** | **116.53** |

There are no projects whose completion schedule is overdue or has exceeded its cost compared to its original plan as of current year and previous year

**5.7 Depreciation and amortisation**

(In ₹ Million)

| | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| On Property, plant and equipment | 920.65 | 1,187.51 |
| On Right of Use assets | 921.15 | 651.50 |
| On Other Intangible assets | 1,227.30 | 1,254.72 |
| | **3,069.10** | **3,093.73** |

## 6. Non-current financial assets : Investments

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Investments carried at amortised cost** | | |
| **Quoted Investments** | | |
| **In bonds** | 2,916.91 | 2,916.91 |
| Add: Interest accrued on bonds | 78.66 | 78.70 |
| **Total investments carried at amortised cost (A)** | **2,995.57** | **2,995.61** |
| | | |
| **Investments carried at fair value through profit and loss** | | |
| **Unquoted Investments** | | |
| **- Investments in mutual funds** | | |
| Fair value of long term mutual funds (refer Note 6a) | 2,823.98 | 2,386.71 |
| | **2,823.98** | **2,386.71** |
| | | |
| **Others*** | | |
| **Investments in Common Stocks / Preferred Stocks** | | |
| Ciqual Limited [Holding 2.38% (Previous year 2.38%)] | | |
| 0.04 Million (Previous year : 0.04 Million) shares of GBP 0.01 each, fully paid up | 17.25 | 16.72 |
| Less : Change in fair value of investment | (17.25) | (16.72) |
| | - | - |
| | | |
| Altizon Systems Private Limited | 6.00 | 6.00 |
| 0.004 Million equity shares (Previous year : 0.004 Million equity shares) of ₹ 10 each, fully paid up | | |
| Hygenx Inc. | 17.09 | 16.68 |
| 0.25 Million (Previous year : 0.25 Million) Preferred stock of $ 0.001 each, fully paid up | | |
| Less : Change in fair value of investment | (17.09) | (16.68) |
| | - | - |
| | | |
| Trunomi Inc. | 21.37 | 20.85 |
| 0.28 Million (Previous year : 0.28 Million) Preferred stock of $ 0.0002 each, fully paid up | | |
| Less : Change in fair value of investment | (21.37) | (20.85) |
| | - | - |
| | | |
| Monument Bank | 139.39 | 136.02 |
| 0.024 Million (Previous year: 0.024 Million) Stock of GBP 50 each), fully paid up | | |
| | | |
| Monument Technology Ltd | 221.26 | - |
| 1.33 Million (Previous year: Nil) Ordinary Shares of GBP 0.000001 each), fully paid up | | |
| | | |
| DxNow | - | 10.43 |
| 0.17 Million Preferred Shares of $ 0.0001 each (Previous year : 0.17 Million Preferred Shares of $ 0.0001) | | |
| Less : Change in fair value of investment | - | (10.43) |
| | - | - |
| | | |
| Akumina Inc. | 15.17 | 14.80 |
| 0.40 Million Preference shares of $ 0.443 each (Previous year: 0.40 Million Preference shares of $ 0.443 each) | | |
| | | |
| SwanAI | 213.67 | - |
| 0.08 Million (Previous year - Nil) preferred shares of $ 0.00001 each, fully paid up | | |
| | | |
| **Total Investments carried at Fair Value (B)** | **3,419.47** | **2,543.53** |
| | | |
| **Total investments (A) + (B)** | **6,415.04** | **5,539.14** |
| | | |
| **Aggregate amount of change in fair value of investments** | 55.71 | 64.68 |
| **Aggregate amount of quoted investments** | 2,995.57 | 2,995.61 |
| **Aggregate amount of unquoted investments (gross)** | 3,475.18 | 2,608.21 |
| **Aggregate market value of quoted investments** | 2,703.72 | 2,758.25 |

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

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

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Bandhan Mutual Fund (formerly known as IDFC Mutual Fund) | 479.34 | 651.08 |
| Axis Mutual Fund | 672.09 | 526.58 |
| Kotak Mutual Fund | 208.87 | 152.75 |
| Aditya Birla Sun Life Mutual Fund | 165.55 | 152.53 |
| HDFC Mutual Fund | 201.26 | 185.54 |
| DSP Mutual Fund | 168.52 | 155.66 |
| HSBC Mutual Fund | 168.43 | 155.43 |
| ICICI Prudential Mutual Fund | 324.15 | 152.57 |
| SBI Mutual Fund | 166.05 | 152.65 |
| Nippon Mutual Fund | 269.72 | 101.92 |
| | **2,823.98** | **2,386.71** |

**7. Non-current financial assets : Loans**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Carried at amortised cost** | | |
| **Other loans** | | |
| Unsecured, credit impaired | 0.58 | 0.58 |
| | **0.58** | **0.58** |
| Less: Impairment allowance | (0.58) | (0.58) |
| | - | - |

The Group has not granted any loans repayable on demand or without specifying any terms or period of repayment to promoters, directors, KMPs and the related parties as at 31 March 2025 and 31 March 2024.

**8. Other non-current financial assets**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Considered good** | | |
| **Carried at amortised cost** | | |
| Deposits with banks (refer note 14)* | 48.29 | 3.99 |
| Add: Interest accrued but not due on bank deposits (refer note 14) | 0.70 | 0.24 |
| **Deposits with banks** | **48.99** | **4.23** |
| Deposit with financial institutions | - | 100.00 |
| Add: Interest accrued but not due on deposit with financial institutions | - | 10.18 |
| **Deposits with financial institutions** | **-** | **110.18** |
| Security deposits | 392.07 | 410.90 |
| Simple Agreement for Future Equity (SAFE) | 332.75 | 165.75 |
| **Credit impaired** | | |
| Deposit with financial institutions-credit impaired | 408.88 | 430.00 |
| Add: Interest accrued but not due on deposit with financial institutions-credit impaired | 0.30 | 0.98 |
| Less: Credit impaired (refer note 47) | (409.18) | (430.98) |
| **Deposits with financial institutions** | - | - |
| | **773.81** | **691.06** |

* Out of the balance, fixed deposits of ₹ 3.00 Million (Previous year : ₹ 3.60 Million) have been earmarked against credit facilities and bank guarantees availed by the Group.

**9. Deferred tax asset / liabilities**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Deferred tax assets** | | |
| Provision for leave encashment | 388.74 | 386.00 |
| Provision for bonus and commission | 94.66 | 189.18 |
| Allowance for expected credit loss | 198.48 | 93.21 |
| Provision for gratuity | - | 14.72 |
| Differences in book values and tax base values of block of property, plant and equipment and intangible assets | 163.42 | 147.62 |
| Brought forward and current year losses | 245.01 | 226.71 |
| Tax credits | 163.91 | 80.96 |
| ROU asset and lease liability | 52.94 | 61.55 |
| Provision for shared based payments to employees | 590.07 | 144.01 |
| Provisions for doubtful investment | 113.33 | 117.28 |
| Cashflow on Hedges | 0.78 | - |
| Others | 12.90 | 1.56 |
| | **2,024.24** | **1,462.80** |
| **Deferred tax liabilities** | | |
| Differences in book values and tax base values of block of property, plant and equipment and intangible assets | 11.32 | 27.33 |
| Cashflow on Hedges | - | 8.02 |
| ROU asset and lease liability | - | 0.68 |
| Brought forward and current year losses | - | 26.26 |
| Capital gains | 122.74 | 44.14 |
| Unrealised exchange gain/loss | 16.16 | 8.17 |
| Unbilled revenue | - | 5.92 |
| Others | 0.27 | 1.40 |
| | **150.49** | **121.92** |

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Deferred income tax assets after set-off | 2,024.24 | 1,462.80 |
| Deferred income tax liabilities after set-off | (150.49) | (121.92) |
| | **1,873.75** | **1,340.88** |

* 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.

Certain subsidiaries of the group have undistributed eamings which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from these subsidiaries. These subsidiaries are not expected to distribute these profits in the foreseeable future.

**10. Other non-current assets**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Capital advances (Unsecured, considered good) | 33.53 | 826.67 |
| Prepayments | 223.49 | 420.61 |
| | **257.02** | **1,247.28** |

**Movement in deferred tax assets (net) during the year ended March 31, 2025**

| | As at April 1, 2024 | Charge/ (Credit) in statement of Profit or loss | Credit/ (Charge) in other comprehensive income | As at March 31, 2025 |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets | 27.33 | (16.01) | - | 11.32 |
| Gain on fair valuation of financial assets | 44.14 | 78.60 | - | 122.74 |
| Cash flow hedges | 8.02 | - | (8.02) | - |
| Brought forward and current year losses | 26.26 | (26.26) | - | - |
| Unrealised exchange gain/loss | 8.17 | 8.00 | - | 16.17 |
| Unbilled Revenue | 5.92 | (5.92) | - | - |
| Others | 1.40 | (1.14) | - | 0.26 |
| | **121.24** | **37.27** | **(8.02)** | **150.49** |
| **Deferred tax assets** | | | | |
| Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets | 147.61 | 15.81 | - | 163.42 |
| Provision for leave encashment | 386.00 | 2.74 | - | 388.74 |
| Provision for Bonus and Commision | - | 94.66 | - | 94.66 |
| Provision for long service awards | 189.18 | (189.18) | - | - |
| Provision for Gratuity | 14.72 | (14.72) | - | - |
| Allowance for expected credit loss | 93.21 | 105.27 | - | 198.48 |
| Tax credit | 80.94 | 82.97 | - | 163.91 |
| Right of use asset and lease liability | 60.90 | (7.96) | - | 52.94 |
| Brought forward and current year losses | 226.71 | 18.30 | - | 245.01 |
| Provision for shared based payments to employees | 144.01 | 446.06 | - | 590.07 |
| Cashflow on Hedges | - | - | 0.78 | 0.78 |
| Provisions for doubtful investment | 117.28 | (3.95) | - | 113.33 |
| Unbilled /Deferred Revenue | - | 6.16 | - | 6.16 |
| Others | 1.56 | 5.18 | - | 6.74 |
| | **1,462.12** | **561.34** | **0.78** | **2,024.24** |
| Effect of foreign currency translation of foreign operations from functional currency to reporting currency | | 23.56 | | |
| | **1,340.88** | **500.51** | **8.80** | **1,873.75** |

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**Movement in deferred tax assets (net) during the year ended March 31, 2024**

| | As at April 1, 2023 | Charge/ (Credit) in statement of Profit or loss | Credit/ (Charge) in other comprehensive income | As at March 31, 2024 |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets | 75.28 | (47.95) | - | 27.33 |
| Gain on fair valuation of financial assets | 22.82 | 21.32 | - | 44.14 |
| Cash flow hedges | (9.96) | 9.96 | 8.02 | 8.02 |
| Brought forward and current year losses | 47.21 | (20.95) | - | 26.26 |
| Unrealised exchange gain/loss | 10.49 | (2.32) | - | 8.17 |
| Unbilled Revenue | (1.28) | 7.20 | - | 5.92 |
| Others | 1.63 | 0.45 | - | 2.08 |
| | **146.19** | **(32.29)** | **8.02** | **121.92** |
| **Deferred tax assets** | | | | |
| Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets | 176.31 | (28.69) | - | 147.62 |
| Provision for leave encashment | 270.80 | 115.20 | - | 386.00 |
| Provision for long service awards | 222.45 | (33.27) | - | 189.18 |
| Provision for Gratuity | - | 14.72 | | 14.72 |
| Allowance for expected credit loss | 36.85 | 56.36 | - | 93.21 |
| Tax credit | 135.40 | (54.44) | - | 80.96 |
| Right of use asset and lease liability | 42.68 | 18.87 | - | 61.55 |
| Brought forward and current year losses | 208.91 | 17.80 | - | 226.71 |
| Provision for shared based payments to employees | 68.94 | 75.07 | - | 144.01 |
| Provisions for doubtful investment | 119.77 | (2.49) | - | 117.28 |
| Others | 1.39 | 0.17 | - | 1.56 |
| | **1,283.50** | **179.30** | **-** | **1,462.80** |
| | **1,137.31** | **211.59** | **(8.02)** | **1,340.88** |

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**11. Current financial assets : Investments**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Investments carried at fair value through profit and loss** | | |
| **- Unquoted investments** | | |
| **Investments in mutual funds** | | |
| Fair value of current mutual funds (refer Note 11a) | 3,388.17 | 2,726.54 |
| | **3,388.17** | **2,726.54** |
| **Total carrying amount of investments** | **3,388.17** | **2,726.54** |
| **Aggregate amount of quoted investments** | **-** | **-** |
| **Aggregate amount of unquoted investments** | **3,388.17** | **2,726.54** |

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

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Aditya Birla Sun Life Mutual Fund | 438.79 | 502.35 |
| Bandhan Mutual Fund (formerly known as IDFC Mutual Fund) | 525.65 | 261.00 |
| UTI Mutual Fund | 383.48 | 364.27 |
| Axis Mutual Fund | 275.99 | 173.71 |
| Tata Mutual Fund | 195.10 | 234.14 |
| Nippon India Mutual Fund (formerly known as Reliance Mutual Fund) | 195.40 | 150.60 |
| HDFC Mutual Fund | 118.00 | 303.47 |
| HSBC Mutual Fund | - | 40.05 |
| ICICI Prudential Mutual Fund | 70.03 | 30.02 |
| Mirae Asset Mutual Fund | 195.64 | 50.06 |
| SBI Mutual Fund | 70.03 | 50.03 |
| DSP Mutual Fund | - | 195.10 |
| Sundaram Mutual Fund | 115.28 | 40.05 |
| Kotak Mutual Fund | 609.18 | 311.66 |
| Invesco Mutual Fund | 195.60 | 20.03 |
| | **3,388.17** | **2,726.54** |

**12. Trade receivables**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **- Non-current** | | |
| Unsecured, considered good | 664.40 | 730.18 |
| | **664.40** | **730.18** |
| **- Current** | | |
| Unsecured, considered good | 18,477.95 | 16,761.13 |
| Unsecured, credit impaired | 916.03 | 398.64 |
| | **19,393.98** | **17,159.77** |
| Less : Allowance for expected credit loss | (916.03) | (398.64) |
| | **18,477.95** | **16,761.13** |
| | **19,142.35** | **17,491.31** |

**Trade receivables Ageing Schedule**

(In ₹ Million)

| | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 Months | 6 months – 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Trade receivables – considered good | 14,502.10 | 3,662.88 | 414.35 | 150.50 | 234.11 | 178.41 | 19,142.35 |
| Undisputed Trade receivable – credit impaired | - | 53.05 | 496.15 | 186.67 | 123.38 | 56.78 | 916.03 |
| | **14,502.10** | **3,715.93** | **910.50** | **337.17** | **357.49** | **235.19** | **20,058.38** |
| Less : Allowance for expected credit loss | - | (15.71) | (292.26) | (257.91) | (200.22) | (149.93) | (916.03) |
| **As at March 31, 2025** | **14,502.10** | **3,700.22** | **618.24** | **79.26** | **157.27** | **85.26** | **19,142.35** |
| **Expected loss rate (Refer note 32 b)** | **0.00%** | **0.42%** | **32.10%** | **76.49%** | **56.01%** | **63.75%** | |

In ₹ Million

| | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 Months | 6 months – 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Trade receivables – considered good | 13,443.71 | 3,900.00 | 147.60 | - | - | - | 17,491.31 |
| Undisputed Trade receivable – credit impaired | - | 34.98 | 244.65 | 84.54 | 5.93 | 28.54 | 398.64 |
| | **13,443.71** | **3,934.98** | **392.25** | **84.54** | **5.93** | **28.54** | **17,889.95** |
| Less : Allowance for expected credit loss | - | (34.98) | (244.65) | (84.54) | (5.93) | (28.54) | (398.64) |
| **As at March 31, 2024** | **13,443.71** | **3,900.00** | **147.60** | **-** | **-** | **-** | **17,491.31** |
| **Expected loss rate (Refer note 32 b)** | **0.00%** | **0.89%** | **62.37%** | **100.00%** | **100.00%** | **100.00%** | |

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### 13. Cash and cash equivalents

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Cash in hand | 0.20 | 0.11 |
| Balances with banks | | |
| On current accounts # | 4,392.63 | 4,819.66 |
| On saving accounts | 27.50 | 23.48 |
| On exchange earner's foreign currency accounts | 1,488.57 | 1,401.87 |
| On deposit accounts with original maturity less than three months | 835.16 | 380.03 |
| | **6,744.06** | **6,625.15** |

# Of the cash and cash equivalent balance as at March 31, 2025, the Group can utilise ₹ 0.02 million (Previous year : ₹ 65.10 Million) only towards certain predefined activities specified in the government grant agreement.

### 14. Bank balances other than cash and cash equivalents

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Deposits with banks* | 3,435.77 | 3,497.98 |
| Add: Interest accrued but not due on deposits with banks | 103.64 | 107.04 |
| Deposits with banks (carried at amortised cost) | **3,539.41** | **3,605.02** |
| Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (refer note 8) | (48.29) | (3.99) |
| Less: Interest accrued but not due on non-current deposits with banks (refer note 8) | (0.70) | (0.24) |
| | **3,490.42** | **3,600.79** |
| Balances with banks on unpaid dividend accounts** | 20.23 | 2.92 |
| | **3,510.65** | **3,603.71** |

* Out of the balance:
i) Fixed deposits of ₹ 2,367.54 Million (Previous year : ₹ 2,365.78 Million) have been earmarked against credit facilities and bank guarantees availed by the Group.
ii) Fixed deposits of ₹ 91.10 Million (Previous year : Nil) have been kept as earmarked funds in Persistent India Foundation.

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

### 15. Current financial assets : Loans

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Loan to others (Unsecured, credit impaired)** | | |
| LHS Solution Inc. | 25.61 | 25.00 |
| Interest accrued but not due at amortised cost | 2.02 | 1.96 |
| Less: Impairment | (27.63) | (26.96) |
| | - | - |

## 16. Other current financial assets

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Derivative instruments at fair value through OCI** | | |
| **Cash flow hedges** | | |
| Foreign exchange forward contracts (refer note 32) | - | 42.54 |
| | | |
| **Carried at amortised cost (considered good)** | | |
| Security deposits | 116.44 | 57.95 |
| Unbilled revenue | 9,258.72 | 6,521.34 |
| | **9,375.16** | **6,621.83** |

## 17. Other current assets

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Unsecured, considered good** | | |
| **Advances to suppliers** | | |
| Advances recoverable in cash or kind or for value to be received | 1,152.83 | 1,573.38 |
| Prepayments | 2,609.16 | 854.25 |
| | | |
| Deferred finance costs | 5.72 | 61.82 |
| | | |
| **Other advances** | | |
| VAT receivable (net) | 69.58 | 9.72 |
| Service tax and GST receivable (net) (refer note 43) | 4,926.25 | 2,731.32 |
| | **4,995.83** | **2,741.04** |
| | | |
| | **8,763.54** | **5,230.49** |

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**18 (A) Share capital**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Authorized shares (No. in million)** | | |
| 400 (Previous year: 400) equity shares of ₹ 5 each | 2,000.00 | 2,000.00 |
| | **2,000.00** | **2,000.00** |
| **Issued, subscribed and fully paid-up shares (No. in million)** | | |
| 155.85 (Previous year: 154.05) equity shares of ₹ 5 each | 779.25 | 770.25 |
| **Issued, subscribed and fully paid-up share capital** | **779.25** | **770.25** |

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

The Board of Directors of the Parent Company at its meeting held on January 20, 2024, recommended the sub-division/ split of 1(One) fully paid-up equity share having a face value of ₹10 each into 2 (Two) fully paid-up equity shares having a face value of ₹ 5 each by alteration of capital clause of the Memorandum of Association (MOA) subject to the approval of Members of the Parent Company. The Members of the Parent Company approved the sub-division / Split of 1(One) fully paid up equity share of ₹ 10 each into 2 (Two) fully paid up equity shares of ₹ 5 each through a postal ballot with a requisite majority and the voting results were declared on March 11, 2024.

Further, the Board of Directors at its meeting held on March 13, 2024, approved the Record Date for Split/Sub-division of Equity Shares as April 1, 2024. Consequent to this, the authorized share capital comprises 400 Million equity shares having a face value of ₹ 5 each aggregating to ₹ 2,000 Million, and the paid-up capital comprises 154.05 Million equity shares having a face value of ₹ 5 each aggregating to ₹ 770.25 Million. The impact of this has been considered in the financial statement.

**a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

**(In Million)**

| | As at March 31, 2025 | | As at March 31, 2024 | |
|---|---|---|---|---|
| | **No of shares** | **In ₹ Million** | **No of shares** | **In ₹ Million** |
| Number of shares at the beginning of the year | 154.05 | 770.25 | 152.85 | 764.25 |
| Add/ Less: Changes during the year | 1.80 | 9.00 | 1.20 | 6.00 |
| **Number of shares at the beginning of the year** | **155.85** | **779.25** | **154.05** | **770.25** |

**b) Terms / rights attached to equity shares**

The Parent Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Parent Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors of Parent Company declared interim dividend of ₹ 20 per share on January 22, 2025 on the face value of ₹ 5 each; for the Financial Year 2024-25.

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

**Dividend distribution made and proposed:**

| | For the year ended March 31, 2025 In ₹ Million | For the year ended March 31, 2024 In ₹ Million |
|---|---|---|
| Final dividend for the year ended on 31 March 2024: ₹ 10 per share (31 March 2023: ₹ 11 per share) | 1,540.50 | 1,692.35 |
| Interim dividend for the year ended on 31 March 2025: ₹ 20 per share (31 March 2024: ₹ 16 per share) | 3,117.00 | 2,461.60 |
| | **4,657.50** | **4,153.95** |
| **Proposed dividends on Equity shares:** | | |
| Proposed dividend for the year ended on 31 March 2025: ₹ 15 per share (31 March 2024: ₹ 10 per share) | 2,337.75 | 1,540.50 |
| | **2,337.75** | **1,540.50** |

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 March 2025. Dividend per equity share disclosed in above note represents dividends declaraed previously, retrospectively adjusted for the April 2024 share split.

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

In the period of five years immediately preceding March 31, 2025, the Parent Company has not done any buy-back of shares.

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

| Name of the shareholder* | As at March 31, 2025 | | As at March 31, 2024 | |
|---|---|---|---|---|
| | No. in Million | % Holding | No. in Million | % Holding |
| Dr. Anand Deshpande | 45.75 | 29.35 | 45.75 | 29.70 |

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

e) **Details of shares held by promoters**

**As at March 31, 2025**

| Promoter Name | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of Total Shares | % change during the year |
|---|---|---|---|---|---|
| Dr. Anand Suresh Deshpande | 45,745,680 | 2,000 | 45,747,680 | 29.35% | 0.00% |
| Mrs. Chitra Hemadri Buzruk | 938,800 | - | 938,800 | 0.60% | - |
| Dr. Mukund Suresh Deshpande | 800,050 | - | 800,050 | 0.51% | - |
| Mrs. Sonali Anand Deshpande | 224,000 | - | 224,000 | 0.14% | - |
| Mrs. Sulabha Suresh Deshpande | 1,000 | - | 1,000 | 0.00% | - |
| Mr. Arul Anand Deshpande | 20,000 | - | 20,000 | 0.01% | - |
| Ms. Gayatri Hemadri Buzruk | 20,000 | - | 20,000 | 0.01% | - |
| Mr. Hemadri N Buzruk | 15,640 | - | 15,640 | 0.01% | - |
| Mr. Suresh Purushottam Deshpande | 1,000 | - | 1,000 | 0.00% | - |
| Mr. Padmakar Govind Khare | 1,760 | - | 1,760 | 0.00% | - |
| Mr. Chinmay Hemadri Buzruk | 20,000 | - | 20,000 | 0.01% | - |

**As at March 31, 2024**

| Promoter Name | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of Total Shares | % change during the year |
|---|---|---|---|---|---|
| Dr. Anand Suresh Deshpande | 45,743,680 | 2,000 | 45,745,680 | 29.70% | 0.00% |
| Mrs. Chitra Hemadri Buzruk | 938,800 | - | 938,800 | 0.61% | - |
| Dr. Mukund Suresh Deshpande | 800,050 | - | 800,050 | 0.52% | - |
| Mrs. Sonali Anand Deshpande | 224,000 | - | 224,000 | 0.15% | - |
| Mrs. Sulabha Suresh Deshpande | 1,000 | - | 1,000 | 0.00% | - |
| Mr. Arul Anand Deshpande | 20,000 | - | 20,000 | 0.01% | - |
| Ms. Gayatri Hemadri Buzruk | 20,000 | - | 20,000 | 0.01% | - |
| Mr. Hemadri N Buzruk | 15,640 | - | 15,640 | 0.01% | - |
| Mr. Suresh Purushottam Deshpande | 1,000 | - | 1,000 | 0.00% | - |
| Mr. Padmakar Govind Khare | - | 1,760 | 1,760 | 0.00% | 100.00% |
| Mr. Chinmay Hemadri Buzruk | 20,000 | - | 20,000 | 0.01% | - |

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**18 (B) Other equity**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Reserves and Surplus** | | |
| Securities premium | 3,438.70 | 1,601.80 |
| General reserve | 27,730.15 | 25,842.99 |
| Share options outstanding reserve | 3,432.38 | 2,227.71 |
| Gain on bargain purchase | 65.19 | 63.61 |
| Capital redemption reserve | 35.75 | 35.75 |
| Retained earnings | 28,833.47 | 19,346.09 |
| Treasury shares | (2,994.10) | (2,085.84) |
| PSL ESOP Trust reserve | 180.77 | 140.64 |
| **Items of other comprehensive income** | | |
| Effective portion of cash flow hedges | (2.32) | 23.85 |
| Exchange differences on translating the financial statements of foreign operations | 1,691.41 | 1,610.22 |
| | **62,411.40** | **48,806.82** |

**(i) Securities premium**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Opening Balance | 1,601.80 | - |
| Premium on fresh issue of equity shares | 1,836.90 | 1,601.80 |
| | **3,438.70** | **1,601.80** |

**(ii) General reserve**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Opening Balance | 25,842.99 | 20,824.45 |
| Transfer to general reserve | - | 3,965.23 |
| Adjustments towards employees stock options | 1,887.16 | 1,087.56 |
| Other changes during the year | - | (34.25) |
| | **27,730.15** | **25,842.99** |

**(iii) Share options outstanding reserve**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Opening Balance | 2,227.71 | 2,222.02 |
| Adjustments towards employees stock options | (1,887.16) | (1,087.56) |
| Employee stock compensation expenses | 3,095.27 | 1,091.75 |
| Other changes during the year | (3.44) | 1.50 |
| | **3,432.38** | **2,227.71** |

**(iv) Gain on bargain purchase**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Opening Balance | 63.61 | 62.67 |
| Other changes during the year | 1.58 | 0.94 |
| | **65.19** | **63.61** |

**(v) Capital redemption reserve**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Opening Balance | 35.75 | 35.75 |
| Other changes during the year | - | - |
| | **35.75** | **35.75** |

**(vi) Retained earnings**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Opening Balance | 19,346.09 | 16,607.36 |
| Profit for the year | 14,001.61 | 10,934.91 |
| Items recognised in / from other comprehensive income for the year | 193.08 | (98.29) |
| Income tax effect on above | (49.81) | 21.29 |
| Dividend | (4,657.50) | (4,153.95) |
| Transfer to general reserve | - | (3,965.23) |
| | **28,833.47** | **19,346.09** |

**(vii) Treasury shares**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Opening Balance | (2,085.84) | (2,435.67) |
| Shares held by ESOP trust | (908.26) | 349.83 |
| | **(2,994.10)** | **(2,085.84)** |

**(viii) PSL ESOP Trust reserve**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Opening Balance | 140.64 | 70.31 |
| Dividend Paid to ESOP trust | 40.13 | 70.33 |
| | **180.77** | **140.64** |

**(ix) Effective portion of cash flow hedges**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Opening Balance | 23.85 | (5.76) |
| Items recognised in / from other comprehensive income for the year (net of tax) | (26.17) | 29.61 |
| | **(2.32)** | **23.85** |

**(x) Exchange differences on translating the financial statements of foreign operations**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Opening Balance | 1,610.22 | 1,505.40 |
| Items recognised in / from other comprehensive income for the year | 81.19 | 104.82 |
| | **1,691.41** | **1,610.22** |

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## 19. Financial liabilities : Borrowings

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Unsecured Borrowings carried at amortised cost** | | |
| **-Non Current** | | |
| **-Term Loan** | | |
| Indian rupee loan from others (refer note 1) | - | 1.85 |
| Interest accrued but not due on above loan | - | 0.02 |
| Foreign currency loan from bank (refer note 2) | - | 2,059.50 |
| Interest accrued but not due on above loan | - | 11.84 |
| Less: Current maturity of long-term borrowings | - | (1,974.04) |
| | **-** | **99.15** |
| **-Current** | | |
| Current maturity of long-term borrowings | - | 1,962.22 |
| Current maturity of interest accrued but not due on term loan | - | 11.82 |
| | **-** | **1,974.04** |
| | **-** | **2,073.19** |

1) Indian rupee loan from Government department ₹ Nil (Previous year: ₹ 1.85 million) having interest @ 3% p.a. which was repayable in ten equal annual installments over a period of ten years commencing from October 2015 has been repaid.

2) Foreign currency loan ₹ Nil (Previous year: ₹ 2,059.52 million). The Parent Company has provided the Letters of Comfort to the Lender.

Key terms of loan are as below:

**(In ₹ Million)**

| Repayment terms | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Loan 1: Repayable over a period of 3 years in equal monthly instalments commencing from November 2021 ( SOFR + 155 bps ) | - | 405.42 |
| Loan 2: Repayable over a period of 3 years in equal monthly instalments commencing from April 2022 (SOFR + 155 bps) | - | 973.00 |
| Loan 3: Repayable over a period of 3 years in equal monthly instalments commencing from May 2022 (SOFR + 155 bps) | - | 681.10 |
| | **-** | **2,059.52** |

The table below shows change in the Group's borrowing including both cash and non-cash changes:

| | For the year ended March 31, 2025 In ₹ Million | For the year ended March 31, 2024 In ₹ Million |
|---|---|---|
| Opening | 2,073.19 | 4,306.95 |
| Addition | - | - |
| Repayment | (2073.19) | (2251.80) |
| Translation Differences | - | 18.04 |
| Closing | **-** | **2,073.19** |

**20. Financial liabilities : Lease Liabilities**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **-Non-Current** | | |
| Lease Liabilities (refer note 36) | 3,108.97 | 2,438.10 |
| Less: Current portion of lease liabilities | (952.30) | (830.01) |
| | **2,156.67** | **1,608.09** |
| **-Current** | | |
| Lease Liabilities (refer note 36) | 952.30 | 830.01 |
| | **952.30** | **830.01** |

The table below shows change in the Group's lease liability including both cash and non-cash changes:

| | For year ended March 31, 2025 In ₹ Million | For year ended March 31, 2024 In ₹ Million |
|---|---|---|
| Opening balance | 2,438.10 | 2,268.59 |
| Additions | 1,775.80 | 753.59 |
| Deletions | (255.63) | - |
| Lease Modification | (45.32) | |
| Add: Interest recognised during the year | 254.23 | 180.02 |
| Less: Payments made during the year | (1,093.66) | (760.18) |
| Translation differences | 35.45 | (3.92) |
| **Closing balance** | **3,108.97** | **2,438.10** |

**21. Non-current liabilities : Provisions**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Provision for employee benefits | | |
| - Gratuity (refer note 31) | 66.95 | 74.24 |
| - Long service awards (refer note 56) | - | 472.72 |
| | **66.95** | **546.96** |

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### 22. Trade payables

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Trade payables | | |
| - Total outstanding dues of small enterprises and micro enterprises * | 40.77 | 49.63 |
| - Total outstanding dues of creditors other than small enterprises and micro enterprises | 8,845.40 | 8,088.99 |
| | **8,886.17** | **8,138.62** |

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

The information as required to be disclosed pursuant under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) has been determined to the extent such parties have been identified based on the information information available with the Company.

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Amount remaining unpaid:** | | |
| Principal | 40.77 | 49.63 |
| Interest | - | - |
| Interest paid by the Company under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day | - | - |
| Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006; | - | - |
| Interest accrued and remaining unpaid at the end of the year | - | - |
| Interest remaining due and payable (pertaining to prior years), until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act 2006. | - | - |

*(This space is intentionally left blank)*

**Trade payables ageing schedule**

(In ₹ Million)

| | Unbilled | Not Due | Outstanding for following periods from due date of payment: Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises | - | 34.32 | 6.45 | - | - | - | 40.77 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 4,387.88 | 1,533.58 | 2,776.03 | 97.55 | 17.13 | 33.23 | 8,845.40 |
| **As at March 31, 2025** | **4,387.88** | **1,567.90** | **2,782.48** | **97.55** | **17.13** | **33.23** | **8,886.17** |

In ₹ Million

| | Unbilled | Not Due | Outstanding for following periods from due date of payment: Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises | - | 45.71 | 3.92 | - | - | - | 49.63 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 3280.36 | 1827.96 | 2,904.67 | 34.19 | 25.77 | 16.04 | 8,088.99 |
| **As at March 31, 2024** | **3,280.36** | **1,873.67** | **2,908.59** | **34.19** | **25.77** | **16.04** | **8,138.62** |

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### 23. Other financial liabilities

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **- Non-current** | | |
| **Carried at amortised cost** | | |
| Security Deposits | 15.70 | - |
| **At fair value through profit & loss** | | |
| Liability towards contingent consideration | 410.20 | - |
| | **425.90** | **-** |
| **- Current** | | |
| **Carried at amortised cost** | | |
| Capital creditors | 59.66 | 79.97 |
| Accrued employee liabilities | 999.37 | 1,092.42 |
| Unpaid dividend* | 20.23 | 2.92 |
| Other liabilities | 38.99 | 78.41 |
| Payable to selling shareholders | 283.71 | - |
| **At fair value through profit & loss** | | |
| Liability towards contingent consideration | 1,409.82 | 2,464.55 |
| Less: Non-current portion of liability towards contingent consideration | (410.20) | - |
| | **999.62** | **2,464.55** |
| **Derivative instruments at fair value through OCI** | | |
| **Cash flow hedges** | | |
| Foreign exchange forward contracts (refer note 32) | 36.82 | - |
| | **2,438.40** | **3,718.27** |

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

### 24.Other liabilities

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **- Non-current** | | |
| Other Liabilities | 47.63 | 44.44 |
| | 47.63 | 44.44 |
| **- Current** | | |
| Unearned revenue | 2,777.08 | 1,935.26 |
| Advance from customers | 492.04 | 262.89 |
| Other payables | | |
| - Statutory liabilities | 977.49 | 1,241.91 |
| - Other Liabilities * | 269.86 | 199.76 |
| | 4,516.47 | 3,639.82 |
| | **4,564.10** | **3,684.26** |

*Includes balance of ₹ 0.02 Million (Previous year: ₹ 65.10 million) to be utilised against certain predefined activities specified in the government grant agreement. There are no unfulfilled conditions or contingencies attached to these grants.

**25. Current liabilities : Provisions**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Provision for employee benefits | | |
| - Gratuity (refer note 31) | 24.78 | 0.13 |
| - Leave encashment | 1,716.12 | 1,651.87 |
| - Long service awards (refer note 56) | - | 34.02 |
| - Other employee benefits | 2,287.64 | 1,644.64 |
| | **4,028.54** | **3,330.66** |

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**26. Revenue from operations**

| | For the year ended March 31, 2025 In ₹ Million | For the year ended March 31, 2024 In ₹ Million |
|---|---|---|
| Software services | 115,433.57 | 94,181.78 |
| Software licenses | 3,953.60 | 4,034.09 |
| | **119,387.17** | **98,215.87** |

Software service revenue is recognized as and when the related services are performed i.e. over the time basis. Software licenses revenue is recognized on point in time basis.

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

| | For the year ended March 31, 2025 In ₹ Million | For the year ended March 31, 2024 In ₹ Million |
|---|---|---|
| **Revenue by industry segments** | | |
| BFSI | 37,709.68 | 31,385.58 |
| Healthcare & Life Sciences | 32,551.45 | 20,880.32 |
| Technology Companies and Emerging Verticals | 49,126.04 | 45,949.97 |
| **Total** | **119,387.17** | **98,215.87** |
| **Geographical disclosure** | | |
| India | 11,201.08 | 9,747.39 |
| North America | 96,317.16 | 77,087.28 |
| Rest of the World | 11,868.93 | 11,381.20 |
| **Total** | **119,387.17** | **98,215.87** |
| **Customers' Industry wise disclosure** | | |
| IP Led | 5,976.56 | 7,009.74 |
| Offshore | 70,037.08 | 58,230.11 |
| Onsite | 43,373.53 | 32,976.02 |
| **Total** | **119,387.17** | **98,215.87** |

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation-related disclosures for contracts where the revenue recognized corresponds directly with the value transferred to the customer of the entity’s performance completed to date, typically those contracts where invoicing is on time and material and unit of work-based contracts. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency. The normal credit term is 30 to 90 days.

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

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

| | For the year ended | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| | **In ₹ Million** | **In ₹ Million** |
| Revenue as per contract price | 119,387.17 | 98,215.87 |
| Discount | - | - |
| Revenue from contract with customers | **119,387.17** | **98,215.87** |

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

| | For the year ended | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| | **In ₹ Million** | **In ₹ Million** |
| **Balance at the beginning of the year** | 6,521.34 | 4,671.23 |
| Invoices raised that were included in the contract assets balance at the beginning of the year | (6,538.00) | (4,688.21) |
| Increase due to revenue recognised during the year, excluding amounts billed during the year | 9,258.72 | 6,521.34 |
| Translation exchange difference | 16.66 | 16.98 |
| **Balance at the end of the year** | **9,258.72** | **6,521.34** |

**Changes in unearned revenue are as follows:**

| | For the year ended | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| | **In ₹ Million** | **In ₹ Million** |
| **Balance at the beginning of the year** | 1,935.26 | 1,078.58 |
| Revenue recognised that was included in the unearned revenue balance at the beginning of the year | (1,978.01) | (981.16) |
| Increase due to revenue recognised during the year, excluding amounts billed during the year | 2,777.08 | 1,791.38 |
| Translation exchange difference | 42.75 | 46.46 |
| **Balance at the end of the year** | **2,777.08** | **1,935.26** |

### 27. Other income

| | For the year ended | |
|---|---|---|
| | **March 31, 2025 In ₹ Million** | **March 31, 2024 In ₹ Million** |
| Interest income | | |
| - On deposits carried at amortised cost | 274.81 | 294.98 |
| - On Others | 281.61 | 267.47 |
| **Other non operating income** | | |
| Foreign exchange gain | 89.18 | 84.97 |
| Profit on sale of property, plant and equipment (net) | 76.84 | 22.64 |
| Profit on account of lease modification | 28.15 | - |
| Net profit on sale / fair valuation of financial assets designated as FVTPL | 492.76 | 289.11 |
| Excess provision in respect of earlier years written back | 29.37 | 27.76 |
| Miscellaneous income | 108.82 | 293.27 |
| | **1,381.54** | **1,280.20** |

### 28. Personnel expenses

| | For the year ended | |
|---|---|---|
| | **March 31, 2025 In ₹ Million** | **March 31, 2024 In ₹ Million** |
| **28.1 Employee benefits expense** | | |
| Salaries, wages and bonus (refer note 56) | 59,665.42 | 53,155.41 |
| Contribution to provident and other funds* (refer note 31) | 4,308.74 | 3,781.21 |
| Staff welfare expenses | 1,667.74 | 1,581.33 |
| Share based payments to employees (refer note 35) | 3,095.27 | 1,091.75 |
| | **68,737.17** | **59,609.70** |
| **28.2 Cost of professionals** | 17,491.65 | 11,492.70 |
| | **86,228.82** | **71,102.40** |

* Includes contribution towards gratuity.

*(This space is intentionally left blank)*

### 29. Other expenses

| | For the year ended | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| | **In ₹ Million** | **In ₹ Million** |
| Travelling and conveyance | 1,710.77 | 1,533.72 |
| Electricity expenses (net) | 131.47 | 140.95 |
| Internet link expenses | 152.98 | 132.44 |
| Communication expenses | 46.82 | 80.81 |
| Recruitment expenses | 210.86 | 250.38 |
| Training and seminars | 158.20 | 169.86 |
| Royalty expenses | 71.32 | 59.55 |
| Purchase of software licenses | 7,479.33 | 5,608.16 |
| Bad debts | - | 63.36 |
| Allowance for expected credit loss (net) | 422.18 | 103.57 |
| Rent (refer note 36) | 143.41 | 145.93 |
| Insurance | 146.44 | 91.96 |
| Rates and taxes | 205.91 | 141.78 |
| Legal and professional fees | 1,647.81 | 1,063.96 |
| Repairs and maintenance | | |
| - Plant and Machinery | 185.94 | 187.75 |
| - Buildings | 46.18 | 35.19 |
| - Others | 43.90 | 32.42 |
| Selling and marketing expenses | 13.67 | 7.98 |
| Changes in contingent consideration payable on business combination (refer note 55) | (1,461.82) | (743.03) |
| Advertisement, conference and sponsorship fees | 194.61 | 185.09 |
| Computer consumables | 18.69 | 21.11 |
| Auditors' remuneration (refer note 39) | 15.89 | 14.31 |
| Corporate social responsibility expenditure (refer note 44) | 223.78 | 175.45 |
| Books, memberships, subscriptions | 32.25 | 33.15 |
| Directors' sitting fees | 9.10 | 8.20 |
| Directors' commission | 35.55 | 34.11 |
| Loss / Impairment of non current investments | - | 20.58 |
| Miscellaneous expenses | 691.18 | 757.87 |
| | **12,576.42** | **10,356.61** |

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### 30. Earnings per share

| | | For the year ended | |
|---|---|---|---|
| | | **March 31, 2025** | **March 31, 2024** |
| **Numerator for Basic and Diluted EPS** | | | |
| Net Profit after tax (In ₹ Million) | (A) | 14,001.61 | 10,934.91 |
| **Denominator for basic EPS** | | | |
| Weighted average number of equity shares | (B) | 153,487,571 | 150,952,418 |
| **Denominator for diluted EPS** | | | |
| Number of equity shares | (C) | 155,166,164 | 153,871,858 |
| **Basic earnings per share of face value of ₹ 5 each (In ₹)** | (A/B) | **91.22** | **72.44** |
| **Diluted earnings per share of face value of ₹ 5 each (In ₹)** | (A/C) | **90.24** | **71.07** |

| | For the year ended | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Outstanding weighted average number of equity shares considered for diluted EPS | 155,166,164 | 153,871,858 |
| Less: Weighted average number of treasury shares | 1,678,593 | 2,919,440 |
| **Outstanding weighted average number of equity shares considered for basic EPS** | **153,487,571** | **150,952,418** |

*(This space is intentionally left blank)*

### 31. Defined benefits and contribution obligation

#### a) Defined benefits Plan - Gratuity

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

The following tables summarize the amount recognized in the statement of profit and loss and other comprehensive income, the funded status and amounts recognized in the Balance Sheet for the plan.

**Statement of profit & loss and other comprehensive income**

The amount recognised in the statement of profit and loss are as follows:

**(In ₹ Million)**

| | For the year ended | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Current service cost | 487.06 | 305.69 |
| Interest cost on benefit obligation | 115.28 | 94.48 |
| Expected return on plan assets | (111.43) | (99.74) |
| **Total Expense** | **490.91** | **300.43** |

The amount recognised in the statement of other comprehensive income are as follows: **(In ₹ Million)**

| | For the year ended | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Net actuarial loss : | | |
| Due to changes in financial assumptions | (70.03) | 50.06 |
| Due to Experience assumptions | (102.91) | 40.46 |
| Return on Plan Assets | (20.14) | 7.77 |
| **Total (Income)/ Expense** | **(193.08)** | **98.29** |

**Balance sheet**

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

**(In ₹ Million)**

| | At at | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Opening fair value of plan assets | 1,543.32 | 1,331.70 |
| Expected return | 111.43 | 99.74 |
| Return on Plan Assets | 20.17 | (7.74) |
| Contribution by employer | 281.04 | 274.93 |
| Benefits paid | (221.06) | (155.31) |
| Acquisitions* | 31.09 | - |
| **Closing fair value of plan assets** | **1,765.99** | **1,543.32** |
| **Actual return on plan assets - Persistent Systems Limited** | **162.69** | **92.00** |

*An amount of INR 31.09 Million has been shown as a transfer-in in liability and asset towards acquisition of an entity during the year.

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

**(In ₹ Million)**

| | As at | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Opening defined benefit obligation | 1,617.69 | 1,281.99 |
| Current service cost | 486.86 | 305.69 |
| Interest cost | 115.06 | 94.48 |
| Benefits paid | (221.06) | (155.31) |
| Acquisitions (refer note above) | 31.09 | - |
| Actuarial losses on obligation | (172.54) | 90.52 |
| Exchange difference | 0.62 | 0.32 |
| **Closing defined benefit obligation** | **1,857.72** | **1,617.69** |

**Net Defined Benefit Asset / (Liability)**

**(In ₹ Million)**

| | As at | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Fair value of plan assets | 1,765.99 | 1,543.32 |
| Less: Defined benefit obligations | (1,857.72) | (1,617.69) |
| **Total** | **(91.73)** | **(74.37)** |
| Below is the entity wise breakup- | | |
| Net Defined Benefit Asset / (Liability)* - Persistent Systems Limited (Funded) | (69.06) | (70.76) |
| Net Defined Benefit Asset / (Liability) - Persistent Systems Lanka (Private) Limited (Unfunded) | (22.69) | (3.61) |

*This has been classified as non-current in the balancesheet

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

**(In ₹ Million)**

| | As at | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Investments with insurer including accrued interest | 100% | 100% |

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

**Persistent Systems Limited**

| | As at | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Discount rate | 6.82% | 7.22% |
| Mortality | IALM (2012-14) Ult. | IALM (2012-14) Ult. |
| Attrition rate | PS: 0 to 1 : 17%<br>PS: 1 to 3 : 15%<br>PS: 3 to 4 : 10%<br>PS: 4 to 5 : 5%<br>PS: 5 to 7 : 6%<br>PS: 7 to 10 : 4%<br>PS:10 to 50 : 2% | PS: 0 to 1 : 17%<br>PS: 1 to 3 : 15%<br>PS: 3 to 4 : 10%<br>PS: 4 to 5 : 5%<br>PS: 5 to 7 : 6%<br>PS: 7 to 10 : 4%<br>PS:10 to 50 : 2% |
| Increment rate | 5.00% | 6.00% |
| Weighted average duration of the defined benefit obligation (Years) | 13.74 | 13.53 |

**Persistent Systems Lanka (Private) Limited**

| | As at | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Discount rate | 11.83% | 13.40% |
| Mortality | IALM (2012-14) Ultimate | IALM (2012-14) Ultimate |
| Attrition rate | Service Based:<br>Below 1 year: 17%<br>1 to 3 years: 15%<br>3 to 4 years: 10%<br>4 to 5 years: 5%<br>5 to 7 years: 6<br>7 to 10 years: 4%<br>Above 10 years: 2% | Service based :<br>0 to 1 - 18.67%<br>1 to 3 - 12.74%<br>3 to 4 - 4.00%<br>4 to 7 - 2.00%<br>7 to 10 - 0.00%<br>10 and above - 0.00% |
| Increment rate | 7.00% | 7.00% |
| Weighted average duration of the defined benefit obligation (Years) | 20.75 | 20.20 |

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

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

As at March 31, 2025, every percentage point increase / decrease in discount rate will change the defined benefit obligation (gratuity) obligation to approximately ₹ 1,640.87 million / ₹ 2,073.06 million (previous year: ₹ 1,824.04 million / ₹ 1,445.62 million) respectively.

As at March 31, 2025, every percentage point increase / decrease in compensation levels will change the the defined benefit obligation (gratuity) obligation to approximately ₹ 2,001.13 million / ₹ 1,698.76 million (previous year: ₹ 1,758.09 million / ₹ 1,499.68 million) respectively.

Sensitivity analysis for each significant actuarial assumptions namely Discount rate and Salary assumptions have been shown in the table above at the end of the reporting period, showing how the defined benefit obligation would have been affected by the changes .

The Mortality and Attrition does not have a significant impact on the Liability , hence are not considered a significant actuarial assumption for the purpose of Sensitivity analysis

The assumptions used in preparing the sensitivity analysis is
Discount rate at +1% and – 1%
Salary assumption at +1 % and -1%

The method used to calculate the liability in these scenarios is by keeping all the other parameters and the data same as in the base liability calculation except the parameters to be stressed.

There is no change in the method from the previous period and the points /percentage by which the assumptions are stressed are same to that in the previous year.

Amounts for the current and previous year are as follows:

**(In ₹ Million)**

| | As at | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Plan assets | 1,765.99 | 1,543.32 |
| Defined benefit obligation | (1,857.72) | (1,617.69) |
| Deficit | (91.73) | (74.37) |
| Experience adjustments on plan liabilities - loss/ (gain) | (102.91) | 40.46 |

Maturity Profile of defined benefit obligations:

**(In ₹ Million)**

| | As at | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Within 1 year | 72.04 | 71.54 |
| 1-2 years | 80.59 | 67.91 |
| 2-3 years | 130.92 | 74.22 |
| 3-4 years | 108.49 | 118.43 |
| 4-5 years | 113.71 | 97.15 |
| 5-10 years | 612.68 | 520.64 |
| Above 10 years | 3,771.17 | 2,893.73 |

Expected contributions to the gratuity plan for the next annual reporting period are ₹ 71.89 million.

**Risk Characteristics of the Defined Benefit Plan**

**Investment risk**

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

**Market Risk (Interest Rate)**

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

**Longevity Risk**

The impact of longevity risk will depend on whether the benefits are paid before retirement age or after. Typically for the benefits paid on or before the retirement age, the longevity risk is not very material.

**b) Defined contribution plan - Superannuation Fund**

The Group contributed ₹ 89.39 million and ₹ 89.42 million to superannuation fund during the years ended March 31, 2025 and March 31, 2024 respectively and the same is recognised in the Statement of profit and loss under the head employee benefit expenses.

**c) Defined contribution plan - Provident Fund**

The Parent Company has certain defined contribution plans. Contributions are made to provident fund for its employees @ 12% of Basic salary as per regulation. The contributions are made to registered provident fund administered by the Government of India. The obligation of the Parent Company is limited to the amount contributed. and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan (provident fund) is ₹ 1,418.48 million (Previous year ₹ 1,383.67 million).

## 32. Financial assets and liabilities

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

(In ₹ Million)

| Financial assets / Financial liabilities | March 31, 2025 | | | March 31, 2024 | | | Fair value hierarchy* |
|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost | |
| **Financial Assets:** | | | | | | | |
| Investments in equity instruments, preferred stock and convertible notes | 595.49 | - | - | 156.82 | - | - | Level 3 |
| Investments in bonds # | - | - | 2,995.57 | - | - | 2,995.61 | |
| Investments in mutual funds | 6,212.15 | - | - | 5,113.25 | - | - | Level 2 |
| Deposit with banks and financial institutions (net) | - | - | 3,539.41 | - | - | 3,715.20 | |
| Cash and cash equivalents (including unpaid dividend) | - | - | 6,764.29 | - | - | 6,628.07 | |
| Trade receivables (net) | - | - | 19,142.35 | - | - | 17,491.31 | |
| Foreign exchange forward contracts | - | - | - | - | 42.54 | - | Level 2 |
| Unbilled revenue | - | - | 9,258.72 | - | - | 6,521.34 | |
| Other financial assets | - | - | 841.26 | - | - | 634.60 | |
| **Total Financial Assets** | **6,807.64** | **-** | **42,541.60** | **5,270.07** | **42.54** | **37,986.13** | |
| **Financial Liabilities:** | | | | | | | |
| Borrowings (including accrued interest) | - | - | - | - | - | 2,073.19 | |
| Trade payables | - | - | 8,886.17 | - | - | 8,138.62 | |
| Lease liabilities | - | - | 3,108.97 | - | - | 2,438.10 | |
| Forward contracts payable | - | 36.82 | - | - | - | - | Level 2 |
| Payable to selling shareholders | - | - | 283.71 | - | - | - | |
| Liability towards contingent consideration | 1,409.82 | - | - | 2,464.55 | - | - | Level 3 |
| Other financial liabilities (excluding borrowings) | - | - | 1,133.95 | - | - | 1,253.72 | |
| **Total Financial Liabilities** | **1,409.82** | **36.82** | **13,412.80** | **2,464.55** | **-** | **13,903.63** | |

***Fair value hierarchy:**

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

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

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

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

**Fair Value of Financial Instruments**

Financial Instruments at FVTPL & FVTOCI

The financial instruments being carried at FVTPL and FVTOCI is at their respective fair value.

Financial Instruments at Amortised Cost

The Management assessed that fair value of Trade receivables, Unbilled revenue, Other financial assets, Borrowings, Lease liabilities, Trade payables and Other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

# The fair value of Investment in Bonds is as per the table below:

(In ₹ Million)

| Particulars | March 31, 2025 | | March 31, 2024 | |
|---|---|---|---|---|
| | Carried Value | Fair Value | Carried Value | Fair Value |
| Bonds carried at amortised cost | 2,916.91 | 2,703.72 | 2,916.91 | 2,758.25 |
| Interest accrued on Bonds | 78.66 | - | 78.70 | - |
| **Total investments carried at amortised cost** | **2,995.57** | **2,703.72** | **2,995.61** | **2,758.25** |

The following methods and assumptions were used to estimate the fair values:

i) The fair value of the quoted bonds and mutual funds are based on price quotations at reporting date.

ii) Mark to market on forward covers and embedded derivative instruments is based on forward exchange rates at the end of reporting period and discounted using G-sec rate plus applicable spread.

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

iv) The fair value of contingent consideration related to the acquisition of subsidiaries/ business unit (Refer Note 45 (a) and 45 (b)) is estimated using a present value technique. The ₹ 1,404.22 Million fair value is estimated by probability-weighing the estimated future cash outflows adjusting for risk and discounting at 3% - 9.37%. The probability-weighted cash outflows before discounting are ₹ 1,509.58 Million and reflect management's estimate of a 90% probability that the contract's target level will be achieved. The discount rate used is 3% - 9.37%, based on the Company's estimated incremental borrowing rate for unsecured liabilities at the reporting date, and therefore reflects the Company's credit position. The effects on the fair value of risk and uncertainty in the future cash flows are dealt with by adjusting the estimated cash flows rather than adjusting the discount rate.

**Level 3 fair value measurements**

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

(In ₹ Million)

| | Investments in other equity instruments | Liability towards contingent consideration |
|---|---|---|
| **Balance at April 1, 2023** | 181.13 | 5,305.83 |
| Change in fair value of investment | - | - |
| Acquired during the year | - | - |
| Disposed during the year | (20.54) | (2,073.64) |
| Gain/ (loss) recognised in profit and loss in other income | - | (743.03) |
| Effect of foreign currency translation from functional currency to reporting currency | (3.77) | (24.61) |
| **Balance at March 31, 2024** | **156.82** | **2,464.55** |
| **Balance at April 1, 2024** | 156.82 | 2,464.55 |
| Acquired during the year | 434.93 | 882.06 |
| Disposed during the year | - | (489.64) |
| Gain/ (loss) recognised in profit and loss in other income | - | (1,461.82) |
| Effect of foreign currency translation from functional currency to reporting currency | 3.74 | 14.67 |
| **Balance at 31 March 2025** | **595.49** | **1,409.82** |

Total amount included in profit and loss account for unrealised gains/ losses on Level 3 instruments

## 32 (b) Financial risk management

### Financial risk factors and risk management objectives

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

### Market risk

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

The following table analyses unhedged foreign currency risk from financial instruments as at March 31, 2025:

(In ₹ million)

| | USD | EUR | GBP | Other currencies | Total |
|---|---|---|---|---|---|
| Trade receivables | 17,184.60 | 577.88 | 783.28 | 418.05 | 18,963.81 |
| Cash and cash equivalents and bank balances | 2,297.61 | 108.39 | 128.97 | 163.63 | 2,698.60 |
| Trade and other payables | 5,217.08 | 245.26 | 255.73 | 606.61 | 6,324.68 |

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

(In ₹ Million)

| | USD | EUR | GBP | Other currencies | Total |
|---|---|---|---|---|---|
| Trade receivables | 8,346.86 | 505.68 | 979.78 | 360.84 | 10,193.16 |
| Cash and cash equivalents and bank balances | 1,851.71 | 13.77 | 94.62 | 117.06 | 2,077.16 |
| Trade and other payables | 51.88 | 107.04 | 93.52 | 50.15 | 302.59 |

### Foreign currency sensitivity analysis

For the year ended March 31, 2025 and March 31, 2024, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, would affect the Group's profit before tax margin (PBT) by approximately 0.13% and 0.12% respectively.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting year and the current reporting year.

### Derivative financial instruments

The Group holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Group has designated foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions.

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

| | As at March 31, 2025 | | | As at March 31, 2024 | | |
|---|---|---|---|---|---|---|
| | Foreign currency (million) | Average rate | ₹ (million) | Foreign currency (million) | Average rate | ₹ (million) |
| **Derivatives designated as cash flow hedges** | | | | | | |
| **Forward contracts** | | | | | | |
| USD | 300.00 | 86.33 | 25,899.47 | 260.00 | 84.16 | 21,881.33 |

The foreign exchange forward contracts mature within a maximum period of twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

| | As at March 31, 2025 | | | As at March 31, 2024 | | |
|---|---|---|---|---|---|---|
| | Foreign currency (million) | Average rate | ₹ (million) | Foreign currency (million) | Average rate | ₹ (million) |
| Not later than 3 months | 75.00 | 84.95 | 6,371.15 | 64.00 | 80.82 | 5,357.97 |
| Later than 3 months and not later than 6 months | 76.00 | 85.50 | 6,497.96 | 70.00 | 82.60 | 5,882.04 |
| Later than 6 months and not later than 9 months | 75.00 | 86.38 | 6,478.19 | 63.00 | 83.95 | 5,326.58 |
| Later than 9 months and not later than 12 months | 74.00 | 88.54 | 6,552.17 | 63.00 | 83.96 | 5,314.74 |
| **Total** | **300.00** | | **25,899.47** | **260.00** | | **21,881.33** |

### Price Risk

The Group exposure to price risk arises for investment in mutual funds held by the Group. To manage its price risk arising from investments in mutual funds, the Group diversified its portfolio.

Sensitivity: The sensitivity of profit or loss to change in Net assets value (NAV) as at year end for investment in mutual funds:

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| NAV increase by 5% | 310.61 | 255.66 |
| NAV decrease by 5% | (310.61) | (255.66) |

*(This space is intentionally left blank)*

**Credit risk**

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 19,142.35 million and ₹ 17,491.31 million as at March 31, 2025 and March 31, 2024, respectively.

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

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

**(In ₹ Million)**

| | As at | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Receivables overdue for more than 90 days * | 2,442.63 | 553.19 |
| Total receivables (gross) | 20,058.38 | 17,889.95 |
| Overdue for more than 90 days as a % of total receivables | 12.2% | 3.1% |

* Out of this amount, ₹ 916.03 million (March 31, 2024: ₹ 398.64 million) have been provided for.

**Ageing of trade receivables**

**(In ₹ Million)**

| | As at | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Within the credit period | 14,502.10 | 13,810.70 |
| 1 to 30 days past due | 1,979.16 | 2,111.36 |
| 31 to 60 days past due | 770.67 | 925.83 |
| 61 to 90 days past due | 363.82 | 488.87 |
| 91 to 120 days past due | 226.18 | 151.40 |
| 121 and above past due | 2,216.45 | 401.79 |
| Less: Expected credit loss | (916.03) | (398.64) |
| **Net trade receivables** | **19,142.35** | **17,491.31** |

**Movement in expected credit loss allowance**

**(In ₹ Million)**

| | As at | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Opening balance | 398.64 | 188.96 |
| Movement in expected credit loss allowance | 422.18 | 103.57 |
| Pre-acquistion ECL adjusted against contingent consideration | 84.20 | 96.44 |
| Translation differences | 11.01 | 9.67 |
| **Closing balance** | **916.03** | **398.64** |

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

**Liquidity risk**

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The investment of surplus funds is governed by the Group's investment policy approved by the Board of Directors. The Group believes that the working capital is sufficient to meet its current fund requirements including repayment of borrowings. Accordingly, no liquidity risk is perceived.
As at March 31, 2025, the Group had a working capital of ₹ 28,931.80 million including cash and cash equivalents and current fixed deposits of ₹ 10,179.73 million and current investments of ₹ 3,388.17 million.
As at March 31, 2024, the Group had a working capital of ₹ 19,390.14 million including cash and cash equivalents and current fixed deposits of ₹ 10,223.14 million and current investments of ₹ 2,726.54 million.

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

**(In ₹ Million)**

| | As at | | | |
|---|---|---|---|---|
| | **March 31, 2025** | | **March 31, 2024** | |
| | **Less than 1 year** | **More than 1 year** | **Less than 1 year** | **More than 1 year** |
| Borrowings (including accrued interest) | - | - | 1,974.04 | 99.15 |
| Trade payables | 8,886.17 | - | 8,138.62 | - |
| Lease Liabilities | 952.30 | 2,156.67 | 830.01 | 1,608.09 |
| Other financial liabilities (excluding borrowings) | 2,438.40 | 410.20 | 1,744.23 | - |

*(This space is intentionally left blank)*

**Capital management risk**

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

**Gearing Ratio** (In ₹ Million)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Borrowings | - | 2,073.19 |
| Other financial liabilities | 2,864.30 | 3,718.27 |
| **Total Debt:** | **2,864.30** | **5,791.46** |
| Less : Cash and cash equivalents and bank balances | 10,254.71 | 10,228.86 |
| **Net Debt #** | **(7,390.41)** | **(4,437.40)** |
| Total equity | 63,190.65 | 49,577.07 |
| **Total Capital** | **63,190.65** | **49,577.07** |
| **Gearing Ratio (in %)** | **-11.70%** | **-8.95%** |

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

*(This space is intentionally left blank)*

**32 (c) Derivative instruments and un-hedged foreign currency exposures**

**(i) Forward contracts outstanding at the end of the year:**

**(In ₹ Million)**

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Forward contracts to sell USD: Hedging of expected receivables of USD 300 million (Previous year USD 260 million) | 25,899.47 | 21,881.33 |

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

| | March 31, 2025 | | | March 31, 2024 | | |
|---|---|---|---|---|---|---|
| | In ₹ million | Foreign currency (In million) | Conversion rate (₹) | In ₹ million | Foreign currency (In million) | Conversion rate (₹) |
| Bank balances | 22.80 | JPY 39.81 | 0.57 | 23.48 | JPY 42.62 | 0.55 |
| | 2,297.61 | USD 26.88 | 85.47 | 1851.71 | USD 22.20 | 83.40 |
| | 128.97 | GBP 1.17 | 110.63 | 94.62 | GBP 0.90 | 105.27 |
| | 94.01 | CAD 1.58 | 59.56 | 80.31 | CAD 1.31 | 61.38 |
| | 108.39 | EUR 1.17 | 92.46 | 13.77 | EUR 0.15 | 90.01 |
| | 37.44 | AUD 0.7 | 53.43 | 1.46 | AUD 0.27 | 54.17 |
| | - | - | - | 11.81 | RON 0.65 | 18.08 |
| | 9.38 | ZAR 2.02 | 4.64 | - | - | - |
| Trade and other payables | 5,217.08 | USD 61.04 | 85.47 | 51.88 | USD 0.62 | 83.40 |
| | 255.73 | GBP 2.31 | 110.63 | 93.52 | GBP 0.89 | 105.27 |
| | 245.26 | EUR 2.65 | 92.46 | 107.04 | EUR 1.19 | 90.01 |
| | 12.74 | SGD 0.2 | 63.69 | 0.99 | SGD 0.02 | 61.75 |
| | 88.43 | CAD 1.48 | 59.56 | 32.49 | CAD 0.52 | 61.38 |
| | 141.58 | AUD 2.65 | 53.43 | 1.13 | AUD 0.02 | 54.17 |
| | 80.08 | MXN 19.15 | 4.18 | - | - | - |
| | 135.11 | MYR 7.01 | 19.27 | - | - | - |
| | 57.18 | LKR 197.65 | 0.29 | - | - | - |
| | 31.33 | CRC 182.88 | 0.17 | - | - | - |
| | 32.80 | PLN 1.48 | 22.16 | - | - | - |
| | 13.78 | RON 0.74 | 18.62 | - | - | - |
| | 4.85 | ILS 0.21 | 23.10 | 14.09 | ILS 0.62 | 22.64 |
| | - | - | - | 0.04 | ZAR 0.01 | 4.37 |
| | - | - | - | 1.00 | JPY 1.82 | 0.55 |
| | 8.73 | CHF 0.09 | 97.00 | 0.41 | CHF 0.004 | 92.11 |
| Trade receivables | 577.88 | EUR 6.25 | 92.46 | 505.68 | EUR 5.62 | 90.01 |
| | 17,184.60 | USD 201.06 | 85.47 | 8,346.86 | USD 100.08 | 83.40 |
| | 783.28 | GBP 7.08 | 110.63 | 979.78 | GBP 9.31 | 105.27 |
| | 84.57 | CAD 1.42 | 59.56 | 183.45 | CAD 2.99 | 61.38 |
| | 242.03 | AUD 4.53 | 53.43 | 139.36 | AUD 2.57 | 54.17 |
| | 12.90 | ZAR 2.78 | 4.64 | 12.38 | ZAR 2.83 | 4.37 |
| | 10.19 | SGD 0.16 | 63.69 | 15.71 | SGD 0.25 | 61.75 |
| | 61.11 | CHF 0.63 | 97.00 | 0.01 | CHF 0.01 | 92.11 |
| | 0.12 | JPY 0.21 | 0.57 | 4.06 | JPY 7.36 | 0.55 |
| | 7.13 | MYR 0.37 | 19.27 | 5.87 | MYR 0.33 | 17.63 |

*(This space is intentionally left blank)*

**33. Income taxes**

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

| | For the year ended | |
|---|---|---|
| | March 31, 2025 | March 31, 2024 |
| | In ₹ Million | In ₹ Million |
| Profit before tax | 18,223.08 | 14,476.06 |
| Enacted tax rate in India | 25.17% | 25.17% |
| Computed tax expense at enacted tax rate | 4,586.38 | 3,643.33 |
| Income exempt from tax | (355.69) | (282.50) |
| Non-deductible expenses | 805.07 | 110.19 |
| Effect of concessions (R&D Allowance) | - | 57.95 |
| concessions (Tax Holidays) | - | (6.16) |
| Different tax rates of subsidiaries operating in other jurisdictions (Net) | - | 2.64 |
| Diffferent tax rates for different heads of income | (409.14) | 120.23 |
| Change in tax rates | (7.91) | 1.87 |
| Short Tax Provision of earlier years(Net) | 62.96 | - |
| Reversal of Deferred tax asset created in earlier years | (20.62) | 76.58 |
| Tax benefit on set-off of carry-forward losses | (10.75) | 5.77 |
| Unused tax losses not recognised as deferred tax assets | - | (11.62) |
| Excess tax benefits on stock-based | - | 141.26 |
| Others (Net) | (428.84) | (318.39) |
| **Income tax expense** | **4,221.46** | **3,541.15** |

Following subsidiary Companies have cumulative unutilized corporate income tax losses as of March 31, 2025. These tax losses are available for future utilization to offset future taxable profits of these Companies, subject to the applicable tax laws and regulations. As at the balance sheet date, these Companies have not recognized deferred tax asset with respect to the aforesaid unutilized corporate income tax losses. The details are provided in below table -

| Entity Name | Category | Country | Currency | Carry forward losses | | Unrecognized Deferred Tax | |
|---|---|---|---|---|---|---|---|
| | | | | March 31, 2025 | March 31, 2025 | March 31, 2025 | March 31, 2025 |
| | | | | In Million | In ₹ Million | In Million | In ₹ Million |
| Persistent Systems UK Ltd. | Pre April 1, 2017 | UK | GBP | 22.71 | 2,449.44 | 5.68 | 612.36 |
| | Post April 1, 2017 | | | 1.46 | 157.10 | 0.36 | 39.28 |
| Persistent Systems Germany GmbH | - | Germany | EURO | 11.10 | 1,007.04 | 2.36 | 214.41 |

*(This space is intentionally left blank)*

**34. Segment information**

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

The operating segments of the Group are:

a. Banking, Financial Services and Insurance (BFSI)
b. Healthcare & Life Sciences
c. Software, Hi-Tech and Emerging Industries

**(In ₹ Million)**

| Particulars | | | BFSI | Healthcare & Life Sciences | Software, Hi-Tech and Emerging Industries | Total |
|---|---|---|---|---|---|---|
| Revenue | | | | | | |
| | Year ended | March 31, 2025 | 37,709.68 | 32,551.45 | 49,126.04 | 119,387.17 |
| | Year ended | March 31, 2024 | 31,385.58 | 20,880.32 | 45,949.97 | 98,215.87 |
| Identifiable expense * | | | | | | |
| | Year ended | March 31, 2025 | 24,223.22 | 19,783.06 | 34,805.51 | 78,811.79 |
| | Year ended | March 31, 2024 | 19,861.72 | 12,209.10 | 34,145.31 | 66,216.13 |
| Segmental result | | | | | | |
| | Year ended | March 31, 2025 | 13,486.46 | 12,768.39 | 14,320.53 | 40,575.38 |
| | Year ended | March 31, 2024 | 11,523.86 | 8,671.22 | 11,804.66 | 31,999.74 |
| Unallocable expenses | | | | | | |
| | Year ended | March 31, 2025 | | | | 23,733.84 |
| | Year ended | March 31, 2024 | | | | 18,803.88 |
| Operating income | | | | | | |
| | Year ended | March 31, 2025 | | | | 16,841.54 |
| | Year ended | March 31, 2024 | | | | 13,195.86 |
| Other income (net of expenses) | | | | | | |
| | Year ended | March 31, 2025 | | | | 1,381.54 |
| | Year ended | March 31, 2024 | | | | 1,280.20 |
| Profit before taxes | | | | | | |
| | Year ended | March 31, 2025 | | | | 18,223.08 |
| | Year ended | March 31, 2024 | | | | 14,476.06 |
| Tax expense | | | | | | |
| | Year ended | March 31, 2025 | | | | 4,221.47 |
| | Year ended | March 31, 2024 | | | | 3,541.15 |
| Profit after tax | | | | | | |
| | Year ended | March 31, 2025 | | | | 14,001.61 |
| | Year ended | March 31, 2024 | | | | 10,934.91 |

* This balance includes material items in the nature of cost of professionals and employee benefit expenses. Segregation of such expenses into various reportable segments have not been presented as it is not practically possible to allocate such expenses to individual segments.

*(This space is intentionally left blank)*

(In ₹ Million)

| Particulars | | | BFSI | Healthcare & Life Sciences | Software, Hi-Tech and Emerging Industries | Total |
|---|---|---|---|---|---|---|
| Segmental trade receivables (net) | | | | | | |
| | As at | March 31, 2025 | 5,354.72 | 4,859.65 | 8,927.98 | 19,142.35 |
| | As at | March 31, 2024 | 4,657.36 | 3,106.66 | 9,727.29 | 17,491.31 |
| Segmental Unbilled revenue | | | | | | |
| | As at | March 31, 2025 | 1,652.47 | 2,303.61 | 5,302.64 | 9,258.72 |
| | As at | March 31, 2024 | 1,471.00 | 1,129.58 | 3,920.76 | 6,521.34 |
| Unallocated assets | | | | | | |
| | As at | March 31, 2025 | - | - | - | 58,964.95 |
| | As at | March 31, 2024 | - | - | - | 50,163.69 |
| Unallocated liabilities | | | | | | |
| | As at | March 31, 2025 | - | - | - | 24,175.37 |
| | As at | March 31, 2024 | - | - | - | 24,599.27 |

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

**Geographical Information**

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

(In ₹ Million)

| Particulars | | | India | North America | Rest of the World | Total |
|---|---|---|---|---|---|---|
| Revenue | Year ended | March 31, 2025 | 11,201.08 | 96,317.16 | 11,868.93 | 119,387.17 |
| | Year ended | March 31, 2024 | 9,747.39 | 77,087.28 | 11,381.20 | 98,215.87 |

The revenue from an individual customer in excess of ten percent of total revenue of the Group is ₹ INR 12,593.77 Million for the year ended March 31, 2025 (Previous year : ₹ 9,248.88 Million). The customer belongs to Healthcare and Life Sciences segment (Previous year : Software, Hi-Tech and Emerging Industries)

The following table shows the information regarding geographical non-current assets.

(In ₹ Million)

| Particulars | | | India | North America | Rest of the World | Total |
|---|---|---|---|---|---|---|
| Non-current assets | As at | March 31, 2025 | 27,789.82 | 5,486.62 | 1,018.27 | 34,294.71 |
| | As at | March 31, 2024 | 23,453.42 | 6,575.97 | 728.25 | 30,757.64 |

*(This space is intentionally left blank)*

## 35. Employees stock option plans (ESOP)

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

### a) Details of Employee stock option plans

The Parent Company has framed various share-based payment schemes for its employees. The details of various equity-settled employee stock option plan ('ESOP') schemes adopted by the Board of Directors are as follows:

| ESOP scheme | No. of options granted # | Date of adoption by the Board/Members | Initial Grant date | Exercise period |
|---|---|---|---|---|
| Scheme I | 9,121,000 | 11-Dec-99 | 11-Dec-99 | * |
| Scheme II | 1,506,400 | 23-Apr-04 | 23-Apr-04 | 10 Years |
| Scheme III | 5,066,600 | 23-Apr-04 | 23-Apr-04 | * |
| Scheme IV | 13,916,500 | 23-Apr-06 | 23-Apr-06 | 10 Years |
| Scheme V | 3,781,050 | 23-Apr-06 | 23-Apr-06 | * |
| Scheme VI | 2,432,500 | 31-Oct-06 | 31-Oct-06 | 10 Years |
| Scheme VII | 3,569,950 | 30-Apr-07 | 30-Apr-07 | 10 Years |
| Scheme VIII | 84,000 | 24-Jul-07 | 24-Jul-07 | 3 Years |
| Scheme IX | 2,748,924 | 29-Jun-09 | 29-Jun-09 | 10 Years |
| Scheme X | 6,124,544 | 10-Jun-10 | 29-Oct-10 | 2-3 Years |
| Scheme XI ** | 6,391,210 | 26-Jul-14 | 3-Nov-14 | 4-5 Years |
| Scheme XII *** | 134,600 | 4-Feb-16 | 8-Apr-16 | 2.5 Months |
| Scheme XIII | 17,069,990 | 27-Jul-17 | 1-Aug-19 | 4-5 Years |
| Scheme XIV | 160,000 | 27-Jul-17 | 1-May-19 | 3 Years |

*No contractual life is defined in the scheme.

**The options under Scheme XI, which is a performance based ESOP scheme will vest after 1-4 years in proportion of credit points earned by the employees every quarter based on performance. The maximum options which can be granted under this scheme are 2,800,000.

***The options under Scheme XII, ESOP scheme would vest after 1 year. The maximum options which are granted under this scheme are 100 per employee.

**The vesting period and conditions of the above ESOP schemes is as follows:**

All the above ESOP schemes have service condition (other than Grant Category 1 of scheme XI which Is based on performance criteria), which require the employee to complete a specified period of service, as a vesting condition. The vesting pattern of various schemes has been provided below:

(i) Scheme I to V, VII, VIII, X and XIV

| Service period from the date of grant | % of Options vesting | | | |
|---|---|---|---|---|
| | Scheme I to V & X | Scheme VII | Scheme VIII | Scheme XIV |
| 12 Months | 10% | 20% | 25% | 0% |
| 24 Months | 30% | 40% | 50% | 33.33% |
| 36 Months | 60% | 60% | 75% | 66.66% |
| 48 Months | 100% | 80% | 100% | 100% |
| 60 Months | NA | 100% | NA | NA |

(ii) Scheme VI

| Service period from the date of grant | % of Options vesting |
|---|---|
| 18 Months | 30% |
| Every quarter thereafter | 5% |

(iii) Scheme IX

| Service period from the date of grant | % of Options vesting |
|---|---|
| 30 - 60 Months varying from employee to employee | 100% |

(iv) Scheme XI

| Service period from the date of grant | % of Options vesting Grant (Category 1) | Grant (Category 2) | Grant (Category 3) |
|---|---|---|---|
| 12 Months | Based on credit points earned which varies from employee to employee | 25% | 40% |
| 24 Months | | 50% | 30% |
| 36 Months | | 75% | 30% |
| 48 Months | NA | 100% | NA |
| 60 Months | NA | NA | NA |

(v) Scheme XII:

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

(v) Scheme XIII:

| Service period from the date of grant | % of Options vesting Grant (Category 1) | Grant (Category 2) | Grant (Category 3) |
|---|---|---|---|
| 12 - 20 Months | 25% | 40% | 33.33% |
| 24 - 32 Months | 50% | 30% | 66.66% |
| 36 - 44 Months | 75% | 30% | 100% |
| 48 Months | 100% | NA | NA |
| 60 Months | NA | NA | NA |

(This space is intentionally left blank)

**b) Details of activity of the ESOP schemes**

Movement for the year ended March 31, 2025 and March 31, 2024:

| ESOP Scheme | Particulars | Year Ended | Outstanding at the beginning of the Year | Granted during the Year | Forfeited during the Year | Exercised during the Year | Outstanding at the end of the Year | Exercisable at the end of the Year |
|---|---|---|---|---|---|---|---|---|
| Scheme III | Number of Options | 31-Mar-24 | 124,002 | - | 51,532 | 2,000 | 70,470 | 70,470 |
| | Weighted Average Price | 31-Mar-24 | 16.39 | - | 15.47 | 15.34 | 17.67 | 17.67 |
| | Number of Options | 31-Mar-25 | 70,470 | - | 70,470 | - | - | - |
| | Weighted Average Price | 31-Mar-25 | 17.67 | - | 17.67 | - | - | - |
| Scheme IV | Number of Options | 31-Mar-24 | 211,200 | - | 16,600 | 160,400 | 34,200 | 34,200 |
| | Weighted Average Price | 31-Mar-24 | 27.79 | - | 20.47 | 30.56 | 25.33 | 25.33 |
| | Number of Options | 31-Mar-25 | 34,200 | - | 16,200 | 18,000 | - | - |
| | Weighted Average Price | 31-Mar-25 | 25.33 | - | 18.31 | 11.12 | - | - |
| Scheme V | Number of Options | 31-Mar-24 | 96,554 | - | - | 26,486 | 70,068 | 70,068 |
| | Weighted Average Price | 31-Mar-24 | 13.30 | - | - | 15.57 | 12.41 | 12.41 |
| | Number of Options | 31-Mar-25 | 70,068 | - | 68,002 | 2,066 | - | - |
| | Weighted Average Price | 31-Mar-25 | 12.41 | - | 12.64 | 5.00 | - | - |
| Scheme IX | Number of Options | 31-Mar-24 | 103,032 | - | 90,232 | 12,800 | - | - |
| | Weighted Average Price | 31-Mar-24 | 27.37 | - | 27.37 | 27.37 | - | - |
| | Number of Options | 31-Mar-25 | | | | | - | - |
| | Weighted Average Price | 31-Mar-25 | | | | | - | - |
| Scheme X | Number of Options | 31-Mar-24 | - | - | 14,000 | 14,000 | - | - |
| | Weighted Average Price | 31-Mar-24 | - | - | 95.68 | 95.68 | - | - |
| | Number of Options | 31-Mar-25 | | | | | | |
| | Weighted Average Price | 31-Mar-25 | | | | | | |
| Scheme XI | Number of Options | 31-Mar-24 | 1,009,914 | 443,400 | 82,510 | 482,034 | 888,770 | 48,734 |
| | Weighted Average Price | 31-Mar-24 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| | Number of Options | 31-Mar-25 | 888,770 | 1,972,610 | 35,094 | 602,106 | 2,224,180 | 7,176 |
| | Weighted Average Price | 31-Mar-25 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Scheme XIII | Number of Options | 31-Mar-24 | 6,760,330 | 3,764,950 | 894,394 | 1,940,838 | 7,690,048 | 861,540 |
| | Weighted Average Price | 31-Mar-24 | 1,259.85 | 3,261.15 | 1,449.31 | 967.64 | 2,286.26 | 1,497.72 |
| | Number of Options | 31-Mar-25 | 7,690,048 | 115,800 | 1,394,790 | 1,929,162 | 4,481,896 | 194,871 |
| | Weighted Average Price | 31-Mar-25 | 2,286.26 | 4,332.79 | 2,484.74 | 1,234.24 | 2,730.19 | 1,443.30 |
| Total | Number of Options | 31-Mar-24 | 8,305,032 | 4,208,350 | 1,149,268 | 2,638,558 | 8,753,556 | 1,085,012 |
| | Number of Options | 31-Mar-25 | 8,753,556 | 2,088,410 | 1,584,556 | 2,551,334 | 6,706,076 | 202,047 |

The weighted average share price for the period over which stock options were exercised was ₹ 4,984.34 (previous year ₹ 3,013.10).

**c) Details of exercise price for stock options outstanding at the end of the year**

| Scheme | Range of exercise price | As at March 31, 2025 No. of Options outstanding | As at March 31, 2025 Weighted average remaining contractual life* | As at March 31, 2024 No. of Options outstanding | As at March 31, 2024 Weighted average remaining contractual life* |
|---|---|---|---|---|---|
| Scheme III | 0.00 - 24.105 | - | - | 70,470 | Note (i) |
| Scheme IV | 11.115 - 30.56 | - | - | 34,200 | 1.31 |
| Scheme V | 11.115 - 22.07 | - | - | 70,068 | Note (i) |
| Scheme XI | 10 | 2,224,180 | 4.09 | 888,770 | 3.72 |
| Scheme XIII | 100.00 - 5446.00 | 4,481,896 | 4.03 | 7,690,048 | 3.80 |

Note (i) - No contractual life is defined in the scheme.

* The weighted average contractual life disclosed above has been computed only for the unexpired options.

**d) Effect of the employee share-based payment plans on the statement of profit and loss and on its financial position**

Compensation expense arising from equity-settled employee share-based payment plans for the year ended March 31, 2025 amounted to ₹ 3,095.27 million (Previous year ₹ 1,091.75 million). The liability for employee stock options outstanding as at March 31, 2025 is ₹ 3,432.38 million (Previous year ₹ 2,227.72 million).

**e) Weighted average exercise prices and weighted average fair values of options**

The Black-Scholes valuation models have been used for computing the weighted average fair value of the stock options granted during the financial year 2024-25:

| Particulars | March 31, 2025 | | March 31, 2024 | |
|---|---|---|---|---|
| | RSU Scheme XI | ESOP Scheme XIII | RSU Scheme XI | ESOP Scheme XIII |
| Weighted average share price (Rs.) | 3614.30 | 5096.48 | 3108.77 | 3835.9 |
| Weighted Exercise Price (Rs.) | 5 | 4332.79 | 5 | 3335.42 |
| Weighted Average Fair Value (Rs.) | 3550.15 | 1722.81 | 3063.06 | 1341.98 |
| Expected Volatility | 22.87% - 27.14% | 26.55%-27.38% | 21.99%-30.69% | 27.44%-31.15% |
| Life of the options granted ** (Vesting and exercise period) | 3 - 4 yrs | 3 - 4 yrs | 3 - 4 yrs | 3 - 4 yrs |
| Dividend Yield | 30.00 | 30.00 | 44.00 | 44.00 |
| Average risk-free interest rate | 7.15% | 7.18% | 7.12% | 7.16% |

** 1.The expected life of the RSU/ESOP is estimated based on the vesting term and contractual term of the RSU/ESOP, as well as expected exercise behavior of the employee who receives the RSU/ESOP.
2.The fair value of the awards are estimated using the Black-Scholes Model for time and non-market performance based options.

The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk-free rate of interest. Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of the Company's publicly traded equity shares and has been modelled based on historical movements in the market prices of the publicly traded equity shares during a larger period after excluding outliers to smoothen the fluctuations .

## 36 Leases

The Group has lease contracts for various items of computers, buildings and other assets being used in its operations. Lease terms generally ranges between 4 to 5 years. The Group has certain lease contracts that includes extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Management have not considered any future cash outflow for which they are potentially exposed arising due to extension and termination options.

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

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| - Less than one year | 952.30 | 842.62 |
| - One to five years | 1,833.51 | 1,861.62 |
| - More than five years | - | 58.33 |

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

Rental expense recorded for short-term leases was ₹ 143.41 million for the year ended March 31, 2025 (Previous year ₹ 145.93 million).

The Group has has recognized interest on lease liabilities of ₹ 254.23 million under finance costs (Previous year ₹ 180.02 million).

The aggregate depreciation on ROU assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss (Refer note 5.7).

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## 37 Related Party Disclosures

### (i) Names of related parties and related party relationship

| Related parties with whom transactions have taken place | |
|---|---|
| Key management personnel | Dr. Anand Deshpande, Chairman and Managing Director<br>Mr Sandeep Kalra, Executive Director and Chief Executive Officer<br>Mr. Sunil Sapre, Chief Financial Officer (retired w.e.f. May 15, 2024) and Executive Director (retired w.e.f December 31, 2024)<br>Mr. Vinit Teredesai, Chief Financial Officer (w.e.f May 15, 2024) and Executive Director (w.e.f. April 23, 2025)<br>Mr. Amit Atre, Company Secretary<br>Ms. Roshini Bakshi, Independent Director (retired w.e.f. July 16, 2024)<br>Ms. Anjali Joshi, Independent Director (w.e.f June 12, 2024)<br>Dr. Deepak Phatak, Independent Director (retired w.e.f April 2, 2023)<br>Ms. Avani Davda, Independent Director<br>Mr. Praveen Kadle, Independent Director<br>Mr. Arvind Goel, Independent Director<br>Mr. Ambuj Goel, Independent Director<br>Mr. Dan'l Lewin, Independent Director<br>Mr Ajit Ranade, Independent Director (w.e.f. June 6, 2023)<br>Mr. Pradeep Bhargava, Independent Director |
| Relatives of Key management personnel | Mr. Suresh Deshpande<br>(Father of the Chairman and Managing Director)<br>Mrs. Sulabha Deshpande<br>(Mother of the Chairman and Managing Director)<br>Mrs. Sonali Anand Deshpande<br>(Wife of the Chairman and Managing Director)<br>Dr. Mukund Deshpande<br>(Brother of the Chairman and Managing Director)<br>Mrs. Chitra Buzruk<br>(Sister of the Chairman and Managing Director)<br>Mr. Arul Deshpande<br>(Son of the Chairman and Managing Director)<br>Dr. Asha Sapre (upto December 31, 2024)<br>(Wife of Executive Director)<br>Mr. Hemant Bakshi<br>(Husband of Independent Director)<br>Ms. Alpana Ajit Ranade<br>(Wife of Independent Director) |
| Members of Promoter Group | Rama Purushottam Foundation |
| Entities over which a key management personnel have significant influence | Persistent Foundation, India<br>Persistent India Foundation<br>Persistent Systems Foundation Inc. |
| Controlled Trust | PSPL ESOP Management Trust |

37 (ii) **Related party transactions**

(In ₹ Million)

| | Name of the related party and nature of relationship | For the year ended | |
|---|---|---|---|
| | | March 31, 2025 | March 31, 2024 |
| **CSR Expenditure** | **Entity over which a key management personnel has significant influence** | | |
| | Persistent Foundation | - | 175.45 |
| | | **-** | **175.45** |
| **Remuneration # (Salaries, bonus and contribution to other funds)** | **Key Management Personnel** | | |
| | Dr. Anand Deshpande | 39.78 | 37.68 |
| | Mr. Sunil Sapre (including fair value of perquisites for stock options exercised ₹ Nil during the year (Previous year: ₹ 143.52 million) | 20.18 | 163.98 |
| | Mr Vinit Teredesai | 23.74 | - |
| | Mr. Amit Atre (including fair value of perquisites for stock options exercised ₹ 19.44 million during the year (Previous year: ₹ 11.52 million) | 25.94 | 17.00 |
| | Mr. Sandeep Kalra (including fair value of perquisites for stock options exercised ₹ 1,356.46 million during the year (Previous year: ₹ 637.70 million) | 1,502.02 | 765.89 |
| | **Independent directors:** | | |
| | Ms. Roshini Bakshi | 2.15 | 6.48 |
| | Mr. Praveen Kadle | 6.70 | 6.65 |
| | Ms. Avani Davda | 6.55 | 6.58 |
| | Mr. Arvind Goel | 6.15 | 6.15 |
| | Dr. Ambuj Goyal | 6.30 | 6.08 |
| | Mr. Dan'l Lewin | 5.90 | 5.65 |
| | Dr. Ajit Ranade | 6.45 | 4.73 |
| | Ms. Anjali Joshi | 4.64 | - |
| | **Relatives of Key Management Personnel** | | |
| | Mr. Arul Deshpande | - | 0.02 |
| | **Total** | **1,656.50** | **1,026.89** |
| **Dividend paid** | **Key Management Personnel** | | |
| | Dr Anand Deshpande | 1,372.41 | 1,235.11 |
| | Mr. Sunil Sapre | 1.44 | 3.67 |
| | Mr Sandeep Kalra | 3.60 | 2.69 |
| | Mr. Amit Atre | 0.19 | 0.13 |
| | **Independent directors:** | | |
| | Mr. Pradeep Bhargava | - | 0.23 |
| | **Relatives of Key Management Personnel** | | |
| | Mr. Suresh Deshpande | 0.03 | 0.03 |
| | Mrs. Chitra Buzruk | 28.16 | 25.35 |
| | Dr. Mukund Deshpande | - | 21.60 |
| | Mrs. Sonali Anand Deshpande | 6.72 | 6.05 |
| | Mrs. Sulabha Suresh Deshpande | 0.03 | 0.03 |
| | Mr. Arul Deshpande | 0.60 | 0.54 |
| | Mr. Hemant Bakshi | - | 0.27 |
| | Ms. Alpana Ajit Ranade | 0.01 | 0.01 |
| | Mr. Arvind Goel | 0.02 | - |
| | **Total** | **1,413.21** | **1,295.71** |
| **Other payments** | **Key Management Personnel** | | |
| | Mr. Sunil Sapre | 0.26 | 0.33 |
| | **Relatives of Key Management Personnel** | | |
| | Mrs. Asha Sapre | 0.26 | 0.33 |
| | **Total** | **0.52** | **0.66** |

**Letters of comfort**

Letters of comfort issued by the Parent Company of USD Nil : ₹ Nil (March 31, 2024: USD 24.69 Million: ₹. 2,059.15 Million) to bank for loans availed by Persistent Systems Inc.

**Notes:**

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

## 38 Capital and other commitments

| | As at | |
|---|---|---|
| | March 31, 2025 | March 31, 2024 |
| | In ₹ Million | In ₹ Million |
| **Capital commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 326.88 | 396.29 |

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

## 39 Auditors' remuneration

| | For the year ended | |
|---|---|---|
| | March 31, 2025 | March 31, 2024 |
| | In ₹ Million | In ₹ Million |
| Audit fee | 14.25 | 13.42 |
| Certifications | 0.45 | 0.50 |
| Reimbursement of expenses | 1.19 | 0.39 |
| | **15.89** | **14.31** |

## 40 Research and development expenditure

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

| | For the year ended | |
|---|---|---|
| | March 31, 2025 | March 31, 2024 |
| | In ₹ Million | In ₹ Million |
| Capital | - | - |
| Revenue | 214.70 | 282.75 |
| | **214.70** | **282.75** |

## 41 Net dividend remitted in foreign exchange

(In ₹ Million)

| Particulars | No. of non-resident shareholders | | No. of equity shares held on which dividend was due | | For the year ended | |
|---|---|---|---|---|---|---|
| | March 31, 2025 | March 31, 2024 | March 31, 2025 (in Million) | March 31, 2024 (in Million) | March 31, 2025 | March 31, 2024 |
| Interim dividend | 25 | 11 | 0.07 | 0.38 | 1.42 | 12.21 |
| Final dividend | 11 | 9 | 0.03 | 0.39 | 0.30 | 8.55 |

## 42 Other statutory information

a. The Parent Company has not been declared a willful defaulter by any bank or financial institution or other lender.

b. The Parent Company does not have any transactions with the companies struck off under section 248 of the Companies Act, 2013.

c. The Parent Company does not have any charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period.

d. The Parent Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017

e. The Parent Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

f. The Parent Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

g. There are no proceeding initiated or pending against the Parent Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

## 43 Contingent liabilities

(In ₹ Million)

| Sr. No | | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|
| a) | **Claims against the Group not acknowledged as debt*** | | |
| 1 | **Indirect tax matters** | | |
| | (i) In respect to the order passed by the Learned Principal Commissioner of Service Tax, Pune, for Service tax under import of services on reverse charge basis for the Financial Year 2014-15, the 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.<br>The Parent Company has paid ₹ 165.58 Million under protest towards the demand and the same forms part of the GST receivable balance.<br>If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Parent Company will be eligible to claim credit / refund for the amount paid. | 173.78 | 173.78 |
| | (ii) Other Pending litigations in respect of Indirect taxes. | 723.33 | 7.77 |
| 2 | **Income tax demands disputed in appellate proceedings** | 1,054.78 | 1,102.72 |
| b) | **Letter of Comfort on behalf of Subsidiaries** | | |
| | Letters of comfort on behalf of subsidiary USD Nil (Previous year : USD 24.69 Million) | - | 2,059.15 |
| c) | Performance Guarantee given by a Subsidiary of USD 3 Million (Previous year : USD 3 Million) to USCC Services and its affiliates towards trade payable of Aepona Limited (step down subsidiary) | 256.41 | 250.20 |

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

**44 Details of Corporate Social Responsibility expenditure**

**(In ₹ Million)**

| | | For the year ended | |
|---|---|---|---|
| | | **March 31, 2025** | **March 31, 2024** |
| a) | Gross amount required to be spent by the Company during the year | 218.67 | 175.45 |
| b) | Amount of Expenditure incurred | | |
| | (i) Construction/acquisition of any asset | - | - |
| | (ii) On purposes other than (i) above | 221.70 | 175.45 |
| c) | Shortfall / Excess at the end of year * | - | - |
| d) | Total of previous year shortfall | - | - |
| e) | Reason for shortfall | - | - |
| f) | Nature of CSR Activity | 1. Community Development<br>2. Health Care<br>3. Education | 1. Community Development<br>2. Health Care<br>3. Education |
| g) | Details of related party transactions | - | - |
| h) | Details of provision made for liability incurred by entering into a contractual obligation | - | - |
| i) | CSR Expenditure outside India | 2.08 | - |

* The Company spent a total of INR 221.70 Million during FY 2024-25. As per Section 135(5) of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014, the Company was required to spend INR 218.67 Million as CSR expenditure during FY 2024-25. Thus, the excess amount spent by the Company i.e., INR 3.03 Million is available for a set-off till the end of FY 2027-28, being the third (last) year to avail the set-off.

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**45 (A) Business Combinations**

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

In case of acquistions, the Goodwill is comprised of expected synergy benefit from combining operations and value of assembled work force which do not qualify for separate recognition. Deferred purchase consideration in form of Earnouts is payable upon achievement of revenue and gross margin thresholds as specified in the agreements. The estimated range of outcome of payment of the same is assumed at 90%.

**Business acquisitions**

**Arrka Infosec Private Limited**

Arrka Infosec Private Limited was acquired by Persistent Systems Limited (PSL) through a Share Purchase Agreement (SPA). The acquisition aligns strategically with PSL's goal of expanding its cybersecurity and data privacy capabilities. Arrka specializes in data protection and privacy compliance services, strengthening PSL's market position in these domains.

**Acquisition-date fair values of total purchase consideration:**

| Particulars | ₹ Million |
|---|---|
| Upfront consideration | 103.04 |
| Contingent consideration | 30.90 |
| **Total purchase consideration** | **133.94** |

**Acquisition-date fair values of assets acquired and liabilities assumed:**

| Particulars | In ₹ Million |
|---|---|
| **Assets** | |
| **Current assets** | |
| Cash & cash equivalents | 0.08 |
| Other current assets | 4.07 |
| **Non-current assets** | |
| Property, plant and equipment | 0.14 |
| Deferred tax assets (net) | 1.63 |
| **Subtotal** | **5.92** |
| **Liabilities** | |
| **Current liabilities** | |
| Trade payables | - |
| Other current liabilities | - |
| **Subtotal** | **-** |
| | |
| **Net assets taken over** | **5.92** |

The goodwill of ₹ 107.68 Million (refer note 5.4) comprises the value of expected synergies arising from the acquisition and a customer list, which is not separately recognised. The customer list is separable and it meets the criteria for recognition as an intangible asset under Ind AS 38. The identified intangible assets of ₹ 19.72 million has been recognised and amortised. Goodwill recognised is not expected to be deductible for income tax purposes.

Transaction costs of ₹ 1.14 Million have been expensed and are included in other expenses for the year ended March 31, 2025.

Revenue of ₹ 11.98 Million for the year ended March 31, 2025 is included in the financial statements. The loss after tax included for the year ended March 31, 2025 is ₹ 7.53 Million.

**Analysis of cash flows on acquisition:**

| Particulars | In ₹ Million # |
|---|---|
| Transaction costs of the acquisition (included in cash flows from operating activities)* | (1.14) |
| Net cash acquired with the subsidiary (included in cash flows from investing activities) | 0.08 |
| Payment made towards upfront consideration (included in cash flows from investing activities, net of tax) | (98.04) |

* Represents the expenditure incurred over the period of time on acquisition.

# Negative amount represents cash outflows

**Contingent consideration**

As part of the purchase agreement with the selling shareholders of Arrka Infosec Private Limited, a contingent consideration has been agreed. There will be additional cash payments to the selling shareholders of:

a) ₹ 20.52 Million (undiscounted), if the Company as a result of the acquisition generates up to USD 4 Million of target net revenue in a 12-month period within 90 days from the end of first earnout period,

b) ₹ 20.52 Million (undiscounted), if the Company as a result of the acquisition generates up to USD 6 Million of target net revenue in a 12-month period within 90 days from the end of second earnout period,

As at the acquisition date, the fair value of the contingent consideration was estimated to be ₹ 30.90 Million.

**Significant unobservable valuation inputs are provided below:**

| | |
|---|---|
| Assumed probability | 90.00% |
| Discount rate | 9.37% |

Significant increase / (decrease) in the probability would result in higher / (lower) fair value of the contingent consideration liability, while significant increase / (decrease) in the discount rate would result in lower / (higher) fair value of the liability.

As at March 31, 2025, the key performance indicators show that it is highly probable that the target will be achieved due to a significant expansion of the business and the synergies realised.

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**45 (B) Business Combinations**

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

In case of acquistions, the Goodwill is comprised of expected synergy benefit from combining operations and value of assembled work force which do not qualify for separate recognition. Deferred purchase consideration in form of Earnouts is payable upon achievement of revenue and gross margin thresholds as specified in the agreements. The estimated range of outcome of payment of the same is assumed at 90%.

**Business acquisitions**

**Starfish Associates, LLC, USA**

Starfish Associates, LLC, USA has become a wholly owned subsidiary of Persistent Systems Inc. effective from August 1,2024, upon completion of the necessary customary closing condition. Post acquisition, Persistent Systems USA is 100% owner of equity interest amounting to USD 26,658.68. Starfish Associates, LLC provides communication management automation solution for multi-vendor unified communications (UC) and contact centers(CC) systems.Starfish Associates is known for its intelligent integration hub and workflow engine that seamlessly connects an array of business applications and communication systems, significantly enhancing multi-vendor communication management.

**Acquisition-date fair values of total purchase consideration:**

| Particulars | ₹ Million |
|---|---|
| Upfront consideration | 1,287.80 |
| Contingent consideration | 372.91 |
| **Total purchase consideration** | **1,660.71** |

**Acquisition-date fair values of assets acquired and liabilities assumed:**

| Particulars | In ₹ Million |
|---|---|
| **Assets** | |
| **Current assets** | |
| Cash & cash equivalents | 56.30 |
| Trade receivables | 1.24 |
| Other current assets | 90.27 |
| Other current financial assets | 8.84 |
| Current tax assets (net) | 15.05 |
| **Subtotal** | **171.70** |
| **Liabilities** | |
| **Current liabilities** | |
| Trade payables | 8.66 |
| Other current liabilities | 216.60 |
| **Subtotal** | **225.26** |
| | |
| **Net assets taken over** | **(53.56)** |

The goodwill of ₹ 1,052.35 Million (refer note 5.4) comprises the value of expected synergies arising from the acquisition and a customer list, which is not separately recognised. The customer list is separable and it meets the criteria for recognition as an intangible asset under Ind AS 38. The identified intangible assets of ₹ 638.17 million has been recognised and amortised. Goodwill recognised is not expected to be deductible for income tax purposes.

Transaction costs of ₹ 7.22 Million have been expensed and are included in other expenses for the year ended March 31, 2025.

Revenue of ₹ 470.50 Million for the year ended March 31, 2025 is included in the financial statements. The profit included for the year ended March 31, 2025 is ₹ 38.17 Million.

**Analysis of cash flows on acquisition:**

| Particulars | In ₹ Million # |
|---|---|
| Transaction costs of the acquisition (included in cash flows from operating activities)* | (7.22) |
| Net cash acquired with the subsidiary (included in cash flows from investing activities) | 56.30 |
| Payment made towards upfront consideration (included in cash flows from investing activities, net of tax) ## | (1,095.38) |

* Represents the expenditure incurred over the period of time on acquisition.

# Negative amount represents cash outflows

## Net of retention bonus payable and working capital adjustment

**Contingent consideration**

As part of the purchase agreement with the selling shareholders of Starfish Associates LLC, a contingent consideration has been agreed. There will be additional cash payments to the selling shareholders of:

a) ₹ 219.02 Million (undiscounted), if the Company as a result of the acquisition generates up to USD 11 Million of target net revenue in a 12-month period after the acquisition date,

b) ₹ 219.02 Million (undiscounted), if the Company as a result of the acquisition generates up to USD 16 Million of target net revenue in a 12-month period after the end of Year 1 from the acquisition date,

As at the acquisition date, the fair value of the contingent consideration was estimated to be ₹ 372.91 Million.

**Significant unobservable valuation inputs are provided below:**

| | |
|---|---|
| Assumed probability | 90.00% |
| Discount rate | 5.60% |

Significant increase / (decrease) in the probability would result in higher / (lower) fair value of the contingent consideration liability, while significant increase / (decrease) in the discount rate would result in lower / (higher) fair value of the liability.

As at March 31, 2025, the key performance indicators show that it is highly probable that the target will be achieved due to a significant expansion of the business and the synergies realised.

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**45 (C) Business Combinations**

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

In case of acquistions, the Goodwill is comprised of expected synergy benefit from combining operations and value of assembled work force which do not qualify for separate recognition. Deferred purchase consideration in form of Earnouts is payable upon achievement of revenue and gross margin thresholds as specified in the agreements. The estimated range of outcome of payment of the same is assumed at 90%.

**Business acquisitions**

**MediaAgility India Priviate Limited and MediaAgility Inc.**

During the year ended March 31, 2023, the Company entered into agreements to acquire Companies which have been together referred to as "Media Agility" in the notes elsewhere. On April 29, 2022, the Parent Company acquired 100% voting equity interest in MediaAgility India Private Limited. Further, on May 4, 2022, Persistent Systems Inc. USA, a wholly-owned subsidiary of the Parent Company,acquired 100% voting equity interest in MediaAgility Inc., USA and its subsidiaries in the UK, Mexico, and Singapore. This business combination is accounted by applying acquisition method. During the year ended March 31, 2023,the same was accounted on provisional basis availing the exemption under Ind AS 103.

MediaAgility is a global cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner. It provides cloud-native application development and modernization, analytics and AI, cloud engineering, migrations, and managed services to its clients.

During the previous year, the purchase price allocation was completed. Accordingly, at the acquisition date, the identifiable assets acquired,the liabilities assumed including contingent consideration are recognised at their acquisition date fair values as follows:

**Acquisition-date fair values of total purchase consideration:**

| Particulars | ₹ Million |
|---|---|
| Upfront consideration | 4,449.89 |
| Contingent consideration | 1,168.18 |
| **Total purchase consideration** | **5,618.07** |

**Acquisition-date fair values of assets acquired and liabilities assumed:**

| Particulars | In ₹ Million |
|---|---|
| **Assets** | |
| **Current assets** | |
| Cash & cash equivalents | 842.41 |
| Trade receivables | 1,130.77 |
| Other current assets | 116.96 |
| Other current financial assets | 1.88 |
| Current tax assets (net) | 208.82 |
| **Non-current assets** | |
| Property, plant and equipment | 11.62 |
| Customer relations | 1,548.49 |
| Goodwill | 3,322.19 |
| **Subtotal** | **7,183.14** |
| **Liabilities** | |
| **Current liabilities** | |
| Trade payables | 1,058.40 |
| Other current financial liabilities | 226.64 |
| Other current liabilities | 280.03 |
| **Subtotal** | **1,565.07** |
| **Net assets taken over** | **5,618.07** |

The goodwill of ₹ 3,322.19 Million (refer note 5.4) comprises the value of expected synergies arising from the acquisition and a customer list, which is not separately recognised. The customer list is non separable therefore, it does not meet the criteria for recognition as an intangible asset under Ind AS 38. Goodwill recognised is not expected to be deductible for income tax purposes.

The fair value of the trade receivables amounted to ₹ 1,130.77 Million at the time of acquisition.The gross amount of trade receivables was ₹ 1,154.69 Million.

Transaction costs of ₹ 56.47 Million and ₹ 118.69 Million have been expensed and are included in other expenses for the year ended March 31, 2022 and March 31, 2023 respectively.

**Analysis of cash flows on acquisition:**

| Particulars | In ₹ Million # |
|---|---|
| Transaction costs of the acquisition (included in cash flows from operating activities)* | (175.16) |
| Net cash acquired with the subsidiary (included in cash flows from investing activities) | 842.41 |
| Payment made towards upfront consideration (included in cash flows from investing activities, net of tax) | (3,316.02) |

* Represents the expenditure incurred over the period of time on acquisition.
# Negative amount represents cash outflows

**Contingent consideration**

As part of the purchase agreement with the selling shareholders of Media Agility, a contingent consideration has been agreed. There will be additional cash payments to the selling shareholders of:

a)₹ 678.34 Million(undiscounted), if the Company as a result of the acquisition generates up to USD 39,998 Thousands of target net revenue in a 12-month period after the acquisition date,

b)₹ 678.34 Million(undiscounted), if the Company as a result of the acquisition generates up to USD 54,393 Thousands of target net revenue in a 12-month period after the acquisition date.

As at the acquisition date, the fair value of the contingent consideration was estimated to be ₹ 1,168.18 Million.

**Significant unobservable valuation inputs are provided below:**

| | |
|---|---|
| Assumed probability | 90% |
| Discount rate | 3% |

Significant increase / (decrease) in the probability would result in higher / (lower) fair value of the contingent consideration liability, while significant increase / (decrease) in the discount rate would result in lower / (higher) fair value of the liability.

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## 46 Ratio Analysis and its elements

| Ratio | Denomination | Numerator | Denominator | March 31, 2025 | March 31, 2024 | % change | Reason for variance (If more than 25%) |
|---|---|---|---|---|---|---|---|
| (a) Current ratio | Number | Current Assets | Current Liabilties | 2.36 | 1.87 | 26.20% | Refer Note 1 |
| (b) Debt-Equity ratio | % | Debt | Shareholder's Equity | NA | 4.18% | 100.00% | Refer Note 2 |
| (c) Debt Service Coverage ratio | Number | Earnings available for debt service** | Debt service within a year | NA | 8.49 | 100.00% | Refer Note 2 |
| (d) Return on Equity ratio | % | Net Profit after tax | Average Shareholder's Equity | 25.18% | 24.94% | 0.96% | |
| (e) Trade Receivables turnover ratio | Number | Revenue from operations | Average Trade receivables | 6.24 | 5.62 | 11.07% | |
| (f) Trade payables turnover ratio | Number | Cost of professionals and other expenses ± non-cash adjustments | Average Trade payables | 3.47 | 2.73 | 27.30% | Refer Note 1 |
| (g) Net capital turnover ratio | Number | Revenue from operations | Working capital | 4.13 | 5.07 | -18.53% | |
| (h) Net profit ratio | % | Net Profit after tax | Revenue from operations | 11.73% | 11.13% | 5.34% | |
| (i) Return on Capital employed | % | Profit before interest and tax | Capital employed | 27.65% | 26.39% | 4.77% | |
| (j) Return on investment | % | Income generated from treasury investments | Average invested funds in treasury investments | 5.74% | 6.86% | -16.33% | |

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

Note 1 : Primarily on account of increase in current assets due to increase in business operations during the year.
Note 2 : The Group has repaid the outstanding borrowings during the year.

*(This space is intentionally left blank)*

47 The Parent Company has deposits of ₹ 408.88 Million (previous year: ₹ 430.00 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.

During the year, the Parent Company has received ₹ 21.12 Million from the IL&FS Group and the Management is hopeful of recovery of balance amount with a time lag. The Parent Company continues to monitor developments in the matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposits.

48 The Company has been sanctioned a working capital limit in excess of Rs. 5 crores by banks and/or financial institutions based on the security of current assets. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and/or financial institutions and such returns/statements are in agreement with the books of account of the Company for the respective periods which were subject to audit, except for the following -

| Name of the Bank / financial institution | Working capital limit sanctioned (In INR Million) | Nature of current assets offered as security | Quarter | Information disclosed as per return (In INR Million) | Information as per books of accounts (In INR Million) | Difference* (In INR Million) |
|---|---|---|---|---|---|---|
| Citi Bank | 150 | Book debts | Q1 | 18,926.70 | 21,180.00 | (2,253.30) |
| Citi Bank | 150 | Book debts | Q2 | 27,077.00 | 20,842.00 | 6,235.00 |
| Citi Bank | 150 | Book debts | Q3 | 15,898.00 | 21,393.00 | (5,495.00) |
| Citi Bank | 150 | Book debts | Q4 | 12,946.34 | 12,946.34 | - |

*The difference is on account of exclusion of certain amounts while submitting the details of quarterly statements to the bank basis discussions with the bank

49 The Hon'ble National Company Law Tribunal, Mumbai ("NCLT") has sanctioned the merger of M/s. CAPIOT Software Private Limited (the Wholly Owned Subsidiary – Transferor Company) into Persistent Systems Limited (the Holding Company – Transferee Company) through absorption, as per its order dated April 9, 2025. The Company received the order on April 11, 2025.
However, the merger will take effect only upon the issuance of a Certified Copy of the order by the Hon'ble NCLT and its subsequent submission to the Registrar of Companies ("ROC"), Pune. The financial impact of this merger will be reflected in the Company's financial statements for the period following its submission to the ROC.

50 The Board of Directors of the Company at its meeting concluded on April 24, 2025 (IST), approved the proposal of Merger of M/s. Arrka Infosec Private Limited (Wholly Owned Subsidiary) into Persistent Systems Limited (Holding Company), subject to the receipt of necessary approvals in accordance with the provisions of the Companies Act, 2013.

51 During the year ended, based on review of method and estimated useful lives of property, plant and equipment, the management has revised the estimated useful lives of computers and networking equipment prospectively from 3 years to 4 years w.e.f. 1st April, 2024. The effect of this change on actual and expected depreciation expense is as follows:

In ₹ Million

| | For the year ended | |
|---|---|---|
| Particulars | FY 24-25 | FY 25-26 |
| Decrease in Depreciation expense | 215.30 | 44.84 |

52 The Group has not advanced / loaned / invested funds to any entities, including foreign entities (Intermediaries), with the understanding that the Intermediary shall directly or indirectly lend or invest in other entities by or on behalf of the Group (Ultimate Beneficiaries). Further, the Group has not provided any guarantee, security to or on behalf of the Ultimate Beneficiaries.

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

54 The Ministry of Corporate Affairs (MCA) has issued a notification (Companies (Accounts) Amendment Rules, 2021) which is effective from 1st April 2023, states that every company which uses accounting software for maintaining its books of account shall use only the accounting software where there is a feature of recording audit trail of each and every transaction, and further creating an edit log of each change made to books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.
The Company uses a SaaS based ERP as a primary accounting software for maintaining books of account, which has a feature of recording audit trail edit logs facility and that has been operative throughout the financial year for the transactions recorded in the software impacting books of account at application as well as database level.

55 During the year ended March 31, 2025, the Group has recognised a gain on remeasurement of earnout payable towards acquisition of business to the erstwhile shareholders of Data Glove Incorporated, Media Agility, Software Corporation International & SCI Fusion 360, LLC amounting to ₹ 1,461.82 million (Previous year : ₹ 743.03 Million) based on settlement agreement and expected payout assessed by management.

56 During the year ended March 31, 2025, the Group has discontinued the policy of Long-Term Service Award to employees which was to reward employees on reaching significant milestones in terms of number of years of their service. This is in the context of the coverage of a large number of employees under the Company's ESOP schemes over the last few years, providing employees an opportunity to participate in the Company's growth and value creation. Consequently, the accumulated provision amounting to ₹ 506.74 Million has been written back in the Statement of Profit and Loss, and has been reduced from Employee Benefit Expenses.

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

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

SHASHI PURUSHOTTAM TADWALKAR
Digitally signed by SHASHI PURUSHOTTAM TADWALKAR
Date: 2025.04.23 17:13:32 -07'00'

**Shashi Tadwalkar**
Partner
Membership No: 101797
Place : USA
Date : April 23, 2025

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

Anand Deshpande
Anand Deshpande (Apr 23, 2025 16:03 PDT)
**Dr. Anand Deshpande**
Chairman and Managing Director
DIN: 00005721
Place : USA
Date : April 23, 2025

Sandeep Kalra
Sandeep Kalra (Apr 23, 2025 16:02 PDT)
**Sandeep Kalra**
Executive Director and Chief Executive Officer
DIN: 02506494
Place : USA
Date : April 23, 2025

Praveen Kadle (Apr 23, 2025 16:11 PDT)
**Praveen Kadle**
Independent Director
DIN: 00016814
Place : USA
Date : April 23, 2025

Vinit Teredesai
Vinit Teredesai (Apr 23, 2025 16:09 PDT)
**Vinit Teredesai**
Executive Director and Chief Financial Officer
DIN: 03293917
Place : USA
Date : April 23, 2025

Amit Atre
Amit Atre (Apr 23, 2025 16:04 PDT)
**Amit Atre**
Company Secretary
Membership No.: A20507
Place : USA
Date : April 23, 2025

**Walker Chandiok & Co LLP**
3rd floor, Unit No. 310 to 312,
West Wing, Nyati Unitree
Nagar Road, Yerwada,
Pune - 411 006
Maharashtra, India

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**Independent Auditor's Report**

**To the Members of Persistent Systems Limited**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

1. We have audited the accompanying standalone financial statements of Persistent Systems Limited ('the Company'), which comprise the Standalone Balance Sheet as at 31 March 2025, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flow and the Standalone Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2025, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the 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.

**Key Audit Matters**

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>

**Accuracy of revenues and onerous obligations in respect of fixed-price contracts**

Refer Note 3.2(a) to notes forming part of the standalone financial statements.

The Company has entered into various fixed-price software development contracts, for which revenue is recognized by the Company using the percentage of completion computed as per the Input method prescribed under Ind AS 115 ‘Revenue from Contracts with Customers’ (‘Ind AS 115’). Revenue recognition in such contracts involves exercise of significant judgement by the management and the following factors requiring significant auditor attention:

- High inherent risk around accuracy of revenue, given the customized and complex nature of these contracts and significant involvement of information technology (IT) systems.
- High estimation uncertainty relating to determination of the progress of each contract, costs incurred till date and additional costs required to complete the remaining contract.
- Identification and determination of onerous contracts and related obligations.
- Determination of unbilled revenue receivables and unearned revenue related to these contracts as at end of reporting period.

Considering the materiality of the amounts involved, and significant degree of judgement and subjectivity involved in the estimates as mentioned above, we have identified revenue recognition for fixed price contracts and determination of onerous contracts and related provisions, as a key audit matter for the current year audit.

</td><td>

Our audit procedures relating to accuracy of revenues and onerous obligations in respect of fixed-price contracts included but were not limited to the following:

- Obtained an understanding of the systems, processes and controls implemented by management for calculating and recording revenue, and the associated unbilled revenue, unearned and deferred revenue balances, and onerous contract obligations;

- Evaluated the design and tested operating effectiveness of related internal financial manual controls and involved auditor’s experts to-:
    - Test key IT controls over IT environment in which the business systems operate, including access controls, segregation of duties, program change controls, program development controls and IT operation controls;
    - Test the IT controls over the completeness and accuracy of cost/efforts and revenue reports generated by the system; and
    - Test the access and application controls pertaining to allocation of resources and budgeting systems which prevents the unauthorized changes to recording of efforts incurred and controls relating to the estimation of contract efforts required to complete the project;

- Selected a sample of contracts and performed a retrospective review of efforts incurred with estimated efforts to identify significant variations and verify whether those variations have been considered in estimating the remaining efforts to complete the contract;

- Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations;

- Performed analytical procedures for reasonableness of incurred and estimated efforts;

- Evaluated management’s identification of onerous contracts based on estimates tested as above; and

- Evaluated the appropriateness of disclosures made in the standalone financial statements with respect to revenue recognized during the year as required by applicable Indian Accounting Standards.

</td></tr>
</table>

| Valuation of Employee Stock Option Plan ('ESOP') | Our audit procedures relating to valuation of ESOP included but were not limited to the following: |
|---|---|
| Refer note 3.3(q) and note 34 to the standalone financial statements.<br><br>The Company has framed various ESOP schemes for its employees under which the Company pays remuneration to its employees for services received in the form of equity-settled share based payment transactions.<br><br>In accordance with the principles of Ind AS 102 'Share Based Payments' ('Ind AS 102'), the fair value of aforesaid employee stock options determined as at the date of their grant is recognised as employee compensation cost by the Company over the vesting period of such options.<br><br>The fair valuation of options granted to employees for the services rendered is performed by external valuation specialists using Black-Scholes valuation model which requires the management to make certain key estimates and assumptions including expected volatility, dividend yield, risk-free interest rate, performance factor, attrition rate and non-acceptance factors.<br><br>Considering significant management judgment and materiality of amounts involved, valuation of ESOP reserve and expense is considered as a key audit matter for the current year audit. | • Obtained an understanding of the terms and arrangements of Employee Stock Option Plans;<br><br>• Evaluated the design and tested operating effectiveness of internal financial controls over the methodology, models and assumptions used by the management to determine the fair value of options granted during the year;<br><br>• Evaluated competency and objectivity of valuation specialist hired by the management;<br><br>• Reviewed the report from management's valuation specialist considered for valuation of options granted during the year;<br><br>• Assessed the reasonableness of the management assumptions and estimates and verified the accuracy of inputs used for the valuation purpose on a sample basis;<br><br>• Involved auditor's valuation expert to assist in validating the valuation assumptions, methodology and approach considered by the management's expert; and ascertained arithmetical accuracy of computation of share-based payment expense; and<br><br>• Evaluated the appropriateness of disclosures made in the Standalone financial statements with respect to share based payments as required by applicable Indian Accounting Standards. |

**Information other than the Standalone Financial Statements and Auditor's Report thereon**

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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

10. Our objectives are to obtain reasonable assurance about whether the 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 standalone financial statements.

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the 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. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

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

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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; and

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

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

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

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

15. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

17. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) The standalone financial statements dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025 from being appointed as a director in terms of section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2025 and the operating effectiveness of such controls, refer to our separate report in Annexure B wherein we have expressed an unmodified opinion; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company, as detailed in note 35 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2025;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2025;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2025;

iv.

a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 47 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 48 to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The interim dividend declared and paid by the Company during the year ended 31 March 2025 and until the date of this audit report is in compliance with section 123 of the Act.

The final dividend paid by the Company during the year ended 31 March 2025 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 16(a) to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2025 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. As stated in in note 57 to the standalone financial statements and based on our examination which included test checks, the Company, in respect of financial year commencing on 01 April 2024, has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Furthermore, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

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

SHASHI PURUSHOTTAM TADWALKAR

Digitally signed by SHASHI PURUSHOTTAM TADWALKAR
Date: 2025.04.23 16:59:39 -07'00'

**Shashi Tadwalkar**
Partner
Membership No.: 101797

**UDIN: 25101797BMMAKE2017**

**Place**: USA
**Date**: 23 April 2025

**Annexure A**

**Annexure A referred to in paragraph 16 of the Independent Auditor's Report of even date to the members of Persistent Systems Limited on the standalone financial statements for the year ended 31 March 2025**

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

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

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its property, plant and equipment, capital work-in-progress, and relevant details of right-of-use assets under which the assets are physically verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment, capital work-in-progress, and relevant details of right-of-use assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in Note 4.1 to the standalone financial statements, are held in the name of the Company.

(d) The Company has adopted cost model for its Property, Plant and Equipment including right-of-use assets and intangible assets. Accordingly, reporting under clause 3(i)(d) of the Order is not applicable to the Company.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.

(ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.

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

**Amount in ₹ Million**

| Name of the Bank / financial institution | Working capital limit sanctioned | Nature of current assets offered as security | Quarter | Information disclosed as per return | Information as per books of accounts | Difference |
|---|---|---|---|---|---|---|
| Citi Bank | 150 | Book debts | Q1 | 18,927 | 21,180 | (2,253) |
| Citi Bank | 150 | Book debts | Q2 | 27,077 | 20,842 | 6,235 |
| Citi Bank | 150 | Book debts | Q3 | 15,898 | 21,393 | (5,495) |

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

(a) The Company has provided loans to others during the year as per details given below:

**(in ₹ Million)**

| Particulars | Loans |
|---|---|
| Aggregate amount provided/granted during the year:<br>- Others (Loan to ESOP Trust) | 3,075.71 |
| Balance outstanding as at balance sheet date<br>- Others (Loan to ESOP Trust) | 3,694.86 |

(b) In our opinion, and according to the information and explanations given to us, the investments made and terms and conditions of the grant of all loans are, prima facie, not prejudicial to the interest of the Company.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular.

(d) There is no overdue amount in respect of loans granted to such other parties.

(e) The Company has not granted any loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan that existed as at the beginning of the year.

(f) The Company has not granted any loan, which is repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of loans and investments made and guarantees and security provided by it, as applicable. Further, the Company has not entered into any transaction covered under section 185 of the Act.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products / services / business activities. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

(vii)(a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

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

**(in ₹ Million)**

| Name of the statute | Nature of dues | Gross Amount | Amount paid under Protest | Period to which the amount relates | Forum where dispute is pending | Remarks, if any |
|---|---|---|---|---|---|---|
| The Income Tax Act, 1961 | Income tax | 116.61 | 1.50 | FY/AY2008-09 to 2015-16 | Honourable High Court | - |
| The Income Tax Act, 1961 | Income tax | 775.80 | 147.25 | 2013-14 to 2015-16 & 2017-18 to 2019-20 | Commissioner (Appeals) | - |
| The Income Tax Act, 1961 | Income tax | 149.33 | 18.97 | 2017-18 & 2020-21 | Income Tax Appellate Tribunal | - |
| Goods and Service Tax Act, 2017 | Goods and Service Tax | 255.61 | - | 2019-20 | Joint Commissioner (Appeals) | - |
| Goods and Service Tax Act, 2017 | Goods and Service Tax | 458.17 | - | 2020-21 | Dy. Commissioner | |
| The Finance act, 1994 | Service Tax | 173.78 | - | 2014-15 | Central Excise and Service Tax Appellate Tribunal | - |
| Maharashtra Value added Tax act, 2002 | Sales Tax | 5.83 | - | 2005-06 to 2008-09 and 2016-17 | Customs, Excise and Service Tax Appellate Tribunal | |
| Maharashtra Value added Tax act, 2002 | Sales Tax | 1.94 | - | 2014-15, 2016-17 and 2017-18 | Jt. Commissioner Appeals | |
| The Uttar Pradesh Value Added Act / Sales Tax Act | Sales Tax | 1.77 | - | 2016-17 | Additional Commissioner Appeals | |

(viii) According to the information and explanations given to us, we report that no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans during the year and there has been no utilisation during the current year of the term loans obtained by the Company during any previous years. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.

(e) In our opinion and according to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) In our opinion and according to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (includingdebt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no fraud on the Company has been noticed or reported during the period covered by our audit.

(b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us, the Company has received whistle blower complaints during the year, which have been considered by us while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system which is commensurate with the size and nature of its business as required under the provisions of section 138 of the Act.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.

(d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information in the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions , nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

SHASHI PURUSHOTTAM TADWALKAR

Digitally signed by SHASHI PURUSHOTTAM TADWALKAR
Date: 2025.04.23 17:00:08 -07'00'

**Shashi Tadwalkar**
Partner
Membership No.: 101797

**UDIN: 25101797BMMAKE2017**

**Place**: USA
**Date**: 23 April 2025

**Annexure B**

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

1. In conjunction with our audit of the standalone financial statements of Persistent Systems Limited ('the Company') as at and for the year ended 31 March 2025, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

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

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

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

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

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

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

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2025, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

SHASHI PURUSHOTTAM TADWALKAR

Digitally signed by SHASHI PURUSHOTTAM TADWALKAR
Date: 2025.04.23 17:00:45 -07'00'

**Shashi Tadwalkar**
Partner
Membership No.: 101797

**UDIN: 25101797BMMAKE2017**

**Place:** USA
**Date:** 23 April 2025

**Persistent Systems Limited**

**BALANCE SHEET AS AT MARCH 31, 2025**

| | Notes | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, Plant and Equipment | 4.1 | 3,868.36 | 3,872.54 |
| Capital work-in-progress | 4.2 | 38.12 | 210.12 |
| Right of Use assets | 4.3 | 3,075.34 | 1,424.26 |
| Goodwill | 4.4 | 236.00 | 236.00 |
| Other Intangible assets | 4.5 | 1,169.67 | 509.77 |
| Intangible assets under development | 4.6 | 731.77 | 116.53 |
| | | 9,119.26 | 6,369.22 |
| Financial assets | | | |
| - Investments | 5 | 14,860.87 | 14,081.58 |
| - Trade receivables | 11 | 503.15 | 260.94 |
| - Loans | 6 | 3,694.86 | 2,760.00 |
| - Other financial assets | 7 | 709.87 | 617.45 |
| Deferred tax assets (net) | 8 | 361.91 | 493.80 |
| Other non-current assets | 9 | 542.40 | 951.27 |
| | | **29,792.32** | **25,534.26** |
| **Current assets** | | | |
| Financial assets | | | |
| - Investments | 10 | 3,335.01 | 2,623.06 |
| - Trade receivables | 11 | 16,414.06 | 16,829.46 |
| - Cash and cash equivalents | 12 | 3,618.00 | 3,258.83 |
| - Bank balances other than cash and cash equivalents | 13 | 3,126.76 | 3,240.49 |
| - Other financial assets | 14 | 16,212.80 | 4,360.89 |
| Current tax assets (net) | | 527.99 | - |
| Other current assets | 15 | 7,023.68 | 4,225.41 |
| | | **50,258.30** | **34,538.14** |
| **TOTAL** | | **80,050.62** | **60,072.40** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Equity share capital | 16(a) | 779.25 | 770.25 |
| Other equity | 16(b) | 58,960.83 | 47,016.26 |
| | | **59,740.08** | **47,786.51** |
| **LIABILITIES** | | | |
| **Non- current liabilities** | | | |
| Financial liabilities | | | |
| - Lease liabilities | 18 | 1,487.97 | 943.10 |
| - Other financial liabilities | 21 | 188.83 | - |
| Other non- current liabilities | 22 | 39.96 | 25.51 |
| Provisions | 19 | 69.06 | 531.21 |
| | | **1,785.82** | **1,499.82** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 17 | - | 1.87 |
| - Lease liabilities | 18 | 834.49 | 560.87 |
| - Trade payables | 20 | | |
| -total outstanding dues of micro enterprises and small enterprises | | 40.77 | 49.63 |
| -total outstanding dues of creditors other than micro enterprises and small enterprises | | 10,151.84 | 2,638.18 |
| - Other financial liabilities | 21 | 1,221.55 | 292.11 |
| Other current liabilities | 22 | 3,635.07 | 4,914.10 |
| Provisions | 23 | 2,641.00 | 2,037.42 |
| Current tax liabilities (net) | | - | 291.89 |
| | | **18,524.72** | **10,786.07** |
| **TOTAL** | | **80,050.62** | **60,072.40** |
| Summary of material accounting policy information | 3 | | |

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

As per our report of even date

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

SHASHI PURUSHOTTAM TADWALKAR
Digitally signed by SHASHI PURUSHOTTAM TADWALKAR
Date: 2025.04.23 17:01:08 -07'00'

**Shashi Tadwalkar**
Partner

Membership No.: 101797

Place: USA
Date : April 23, 2025

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

Anand Deshpande
Anand Deshpande (Apr 23, 2025 15:56 PDT)

Sandeep Kalra
Sandeep Kalra (Apr 23, 2025 16:01 PDT)

Praveen Kadle (Apr 23, 2025 15:58 PDT)

| **Dr. Anand Deshpande** | **Sandeep Kalra** | **Praveen Kadle** |
|---|---|---|
| Chairman and Managing Director | Executive Director and Chief Executive Officer | Independent Director |
| DIN: 00005721 | DIN: 02506494 | DIN: 00016814 |
| Place: USA | Place: USA | Place: USA |
| Date : April 23, 2025 | Date : April 23, 2025 | Date : April 23, 2025 |

Vinit Teredesai
Vinit Teredesai (Apr 23, 2025 16:09 PDT)

Amit Atre
Amit Atre (Apr 23, 2025 16:06 PDT)

| **Vinit Teredesai** | **Amit Atre** |
|---|---|
| Executive Director and Chief Financial Officer | Company Secretary |
| DIN: 03293917 | Membership No.: A20507 |
| Place: USA | Place: USA |
| Date : April 23, 2025 | Date : April 23, 2025 |

**Persistent Systems Limited**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2025**

| | Notes | For the year ended March 31, 2025 In ₹ Million | For the year ended March 31, 2024 In ₹ Million |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 24 | 117,280.21 | 65,142.17 |
| Other income | 25 | 1,808.25 | 1,644.86 |
| **Total income (A)** | | **119,088.46** | **66,787.03** |
| **Expenses** | | | |
| Employee benefits expense | 26.1 | 48,762.27 | 38,345.78 |
| Cost of professionals | 26.2 | 36,527.73 | 5,987.60 |
| Finance costs | | 474.66 | 169.84 |
| Depreciation and amortization expense | 4.7 | 1,761.98 | 1,623.64 |
| Other expenses | 27 | 15,830.96 | 7,494.88 |
| **Total expenses (B)** | | **103,357.60** | **53,621.74** |
| **Profit before tax (A - B)** | | **15,730.86** | **13,165.29** |
| **Tax expense** | | | |
| Current tax | | 4,038.76 | 3,414.63 |
| Deferred tax charge / (credit) | | 140.69 | (105.99) |
| **Total tax expense (refer note 30)** | | **4,179.45** | **3,308.64** |
| **Profit for the year (C)** | | **11,551.41** | **9,856.65** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss (D)** | | | |
| - Remeasurements of the defined benefit liabilities / asset | | 197.91 | (84.64) |
| - Income tax effect on above | | (49.81) | 21.29 |
| | | **148.10** | **(63.35)** |
| **Items that will be reclassified to profit or loss (E)** | | | |
| - Effective portion of cash flow hedge | | (34.97) | 21.59 |
| - Income tax effect on above | | 8.80 | 8.02 |
| | | **(26.17)** | **29.61** |
| **Total other comprehensive income for the year (D) + (E)** | | **121.93** | **(33.74)** |
| **Total comprehensive income for the year (C) + (D) + (E)** | | **11,673.34** | **9,822.91** |
| **Earnings per equity share** | 28 | | |
| **[Nominal value of share ₹5 (Previous year: ₹5)]** | | | |
| Basic (In ₹) | | 74.45 | 64.06 |
| Diluted (In ₹) | | 74.45 | 64.06 |
| Summary of material accounting policy information | 3 | | |

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

As per our report of even date

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

SHASHI PURUSHOTTAM TADWALKAR
Digitally signed by SHASHI PURUSHOTTAM TADWALKAR
Date: 2025.04.23 17:01:29 -07'00'

**Shashi Tadwalkar**
Partner

Membership No.: 101797

Place: USA
Date : April 23, 2025

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

Anand Deshpande
Anand Deshpande (Apr 23, 2025 15:56 PDT)

**Dr. Anand Deshpande**
Chairman and Managing Director
DIN: 00005721
Place: USA
Date : April 23, 2025

Sandeep Kalra
Sandeep Kalra (Apr 23, 2025 16:01 PDT)

**Sandeep Kalra**
Executive Director and Chief Executive Officer
DIN: 02506494
Place: USA
Date : April 23, 2025

Praveen Kadle (Apr 23, 2025 15:58 PDT)

**Praveen Kadle**
Independent Director
DIN: 00016814
Place: USA
Date : April 23, 2025

Vinit Teredesai
Vinit Teredesai (Apr 23, 2025 16:09 PDT)

**Vinit Teredesai**
Executive Director and Chief Financial Officer
DIN: 03293917
Place: USA
Date : April 23, 2025

Amit Atre
Amit Atre (Apr 23, 2025 16:06 PDT)

**Amit Atre**
Company Secretary
Membership No.: A20507
Place: USA
Date : April 23, 2025

## Persistent Systems Limited

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2025**

| | Notes | For the year ended March 31, 2025 In ₹ Million | March 31, 2024 In ₹ Million |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Profit before tax** | | **15,730.86** | **13,165.29** |
| Adjustments for: | | | |
| Interest income | | (726.45) | (715.31) |
| Finance cost | | 255.97 | 22.34 |
| Interest on lease liability | | 218.69 | 147.50 |
| Dividend income | | - | (249.99) |
| Depreciation and amortisation expense | | 1,761.98 | 1,623.64 |
| Unrealised exchange loss gain/loss (net) | | (717.40) | (211.55) |
| Exchange loss/(gain) on derivative contracts | | 44.39 | (70.63) |
| Exchange loss/(gain) on translation of foreign currency cash and cash equivalents | | 5.36 | (33.40) |
| Bad debts | | - | 59.66 |
| Change in provision for expected credit loss/(gain) (net) | | 141.60 | (15.95) |
| Employee stock compensation expenses | | 609.37 | 584.95 |
| Excess provision in respect of earlier years written back | | (32.29) | (0.14) |
| Profit on sale/fair valuation of financial assets designated as FVTPL | | (444.99) | (293.35) |
| Provision towards employee benefits | | (506.74) | - |
| Profit on sale of investments (net) | | (336.02) | (36.45) |
| Profit on sale of Property, Plant and Equipment (net) | | (78.06) | (22.95) |
| Profit on account of lease modification | | (28.15) | - |
| **Operating profit before working capital changes** | | **15,898.12** | **13,953.66** |
| **Movements in working capital :** | | | |
| (Increase) in other non current assets | | (380.60) | (202.39) |
| Decrease in other non current financial assets | | 6.42 | 101.97 |
| (Increase)/Decrease in other current financial assets | | (9,546.78) | 482.92 |
| (Increase) in current assets | | (2,816.29) | (1,870.60) |
| (Increase) in trade receivables | | (272.77) | (6,444.32) |
| Increase in trade payables, current liabilities and non-current liabilities | | 8,230.45 | 3,042.04 |
| Increase/(Decrease) in provisions | | 919.52 | (474.30) |
| **Operating profit after working capital changes** | | **12,038.07** | **8,588.98** |
| Direct taxes paid (net of refunds) | | (4,908.45) | (3,122.05) |
| **Net cash generated from operating activities** | **(A)** | **7,129.62** | **5,466.93** |
| | | | |
| **Cash flows from investing activities** | | | |
| Payment towards capital expenditure (including property, plant and equipment, intangible assets, capital advances and capital | | (1,709.35) | (1,113.95) |
| Proceeds from sale of Property, Plant and Equipment | | 172.87 | 28.17 |
| Payment for acquisition of financial instruments | | (53,993.34) | (50,636.82) |
| Payable to selling shareholders | | - | (10.07) |
| Proceeds from transfer of business undertaking | | 969.99 | 116.25 |
| Disbursement of loan to ESOP trust | | (3,075.71) | (1,602.97) |
| Recovery of loan to ESOP trust | | 2,140.85 | 1,712.97 |
| Proceeds from sale of financial instruments | | 52,154.93 | 49,267.03 |
| Proceeds from maturity of bank deposits having original maturity over three months | | 89.33 | 938.84 |
| Interest received | | 734.19 | 759.32 |
| Dividend received | | - | 249.99 |
| **Net cash used in investing activities** | **(B)** | **(2,516.24)** | **(291.24)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of share capital including securities premium | | 1,845.90 | 1,607.80 |
| Repayment of long term borrowings | 17 | (1.85) | (1.84) |
| Payment towards lease liabilities | 18 | (813.90) | (520.39) |
| Dividend paid | | (4,657.50) | (4,153.95) |
| Interest paid | | (530.78) | (84.20) |
| **Net cash used in financing activities** | **(C )** | **(4,158.13)** | **(3,152.58)** |

## Persistent Systems Limited

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2025**

| | Note | For the year ended March 31, 2025 In ₹ Million | March 31, 2024 In ₹ Million |
|---|---|---|---|
| Net increase in cash and cash equivalents (A + B + C) | | 455.25 | 2,023.11 |
| Cash and cash equivalents at the beginning of the year | | 3,258.83 | 1,236.45 |
| Movement in cash and cash equivalent on account of transfer of business undertaking | | (90.72) | (34.13) |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | | (5.36) | 33.40 |
| **Cash and cash equivalents at the end of the year** | | **3,618.00** | **3,258.83** |
| | | | |
| **Components of cash and cash equivalents** | 12 | | |
| Cash on hand | | 0.19 | 0.08 |
| Balances with banks | | | |
| On current accounts # | | 1,520.44 | 1,761.40 |
| On saving accounts | | 22.80 | 23.48 |
| On Exchange Earner's Foreign Currency accounts | | 1,488.57 | 1,401.87 |
| On deposit account with maturity of less than three months | | 586.00 | 72.00 |
| **Cash and cash equivalents** | | **3,618.00** | **3,258.83** |

# Of the cash and cash equivalent balance as at March 31, 2025, the Company can utilise ₹ 0.02 million (Previous year: ₹ 65.10 million) only towards certain predefined activities specified in the government grant agreement.

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

Summary of material accounting policy information - Refer note 3

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

As per our report of even date

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

SHASHI PURUSHOTTAM TADWALKAR
Digitally signed by SHASHI PURUSHOTTAM TADWALKAR
Date: 2025.04.23 17:01:55 -07'00'

**Shashi Tadwalkar**
Partner

Membership No.: 101797

Place: USA
Date : April 23, 2025

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

Anand Deshpande
Anand Deshpande (Apr 23, 2025 15:56 PDT)

**Dr. Anand Deshpande**
Chairman and Managing Director
DIN: 00005721
Place: USA
Date : April 23, 2025

Sandeep Kalra
Sandeep Kalra (Apr 23, 2025 16:01 PDT)

**Sandeep Kalra**
Executive Director and Chief Executive Officer
DIN: 02506494
Place: USA
Date : April 23, 2025

Praveen Kadle (Apr 23, 2025 15:58 PDT)

**Praveen Kadle**
Independent Director
DIN: 00016814
Place: USA
Date : April 23, 2025

Vinit Teredesai
Vinit Teredesai (Apr 23, 2025 16:09 PDT)

**Vinit Teredesai**
Executive Director and Chief Financial Officer
DIN: 03293917
Place: USA
Date : April 23, 2025

Amit Atre
Amit Atre (Apr 23, 2025 16:06 PDT)

**Amit Atre**
Company Secretary
Membership No.: A20507
Place: USA
Date : April 23, 2025

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2025

### A. Equity share capital

(Refer note 16(a))

(In ₹ Million)

| Balance as at April 1, 2024 | Changes in equity share capital during the year | Balance as at March 31, 2025 |
|---|---|---|
| | | |
| 770.25 | 9.00 | 779.25 |

(In ₹ Million)

| Balance as at April 1, 2023 | Changes in equity share capital during the year | Balance as at March 31, 2024 |
|---|---|---|
| | | |
| 764.25 | 6.00 | 770.25 |

*(This space is intentionally left blank)*

## Persistent Systems Limited

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2025**

**B. Other equity**

**(In ₹ Million)**

| Particulars | Reserves and surplus | | | | | Items of other comprehensive income | Total |
|---|---|---|---|---|---|---|---|
| | General reserve | Share options outstanding reserve | Capital redemption reserve | Retained earnings | Securities premium | Effective portion of cash flow hedges | |
| **Balance as at April 1, 2024** | 25,854.48 | 2,227.71 | 35.75 | 17,272.67 | 1,601.80 | 23.85 | 47,016.26 |
| Profit for the year | - | - | - | 11,551.41 | - | - | 11,551.41 |
| Items recognised in / from other comprehensive income for the year | - | - | - | 197.91 | - | (34.97) | 162.94 |
| Income tax effect on above | - | - | - | (49.81) | - | 8.80 | (41.01) |
| Dividend | - | - | - | (4,657.50) | - | - | (4,657.50) |
| Transfer to general reserve | - | - | - | - | - | - | - |
| Adjustments towards employees stock options | 1,887.16 | (1,887.16) | - | - | - | - | - |
| Employee stock compensation expenses | - | 609.37 | - | - | - | - | 609.37 |
| Employee stock compensation expenses of subsidiaries | - | 2,482.46 | - | - | - | - | 2,482.46 |
| Premium on fresh issue of equity shares | - | - | - | - | 1,836.90 | - | 1,836.90 |
| **Balance as at March 31, 2025** | **27,741.64** | **3,432.38** | **35.75** | **24,314.68** | **3,438.70** | **(2.32)** | **58,960.83** |

**(In ₹ Million)**

| Particulars | Reserves and surplus | | | | | Items of other comprehensive income | Total |
|---|---|---|---|---|---|---|---|
| | General reserve | Share options outstanding reserve | Capital redemption reserve | Retained earnings | Securities premium | Effective portion of cash flow hedges | |
| **Balance as at April 1, 2023** | 20,824.26 | 2,222.02 | 35.75 | 15,575.98 | - | (5.76) | 38,652.25 |
| Profit for the year | - | - | - | 9,856.65 | - | - | 9,856.65 |
| Items recognised in / from other comprehensive income for the year | - | - | - | (84.64) | - | 21.59 | (63.05) |
| Income tax effect on above | - | - | - | 21.29 | - | 8.02 | 29.31 |
| Dividend | - | - | - | (4,153.95) | - | - | (4,153.95) |
| Transfer to general reserve | 3,942.66 | - | - | (3,942.66) | - | - | - |
| Adjustments towards employees stock options | 1,087.56 | (1,087.56) | - | - | - | - | - |
| Employee stock compensation expenses | - | 584.95 | - | - | - | - | 584.95 |
| Employee stock compensation expenses of subsidiaries | - | 508.30 | - | - | - | - | 508.30 |
| Premium on fresh issue of equity shares | - | - | - | - | 1,601.80 | - | 1,601.80 |
| **Balance at March 31, 2024** | **25,854.48** | **2,227.71** | **35.75** | **17,272.67** | **1,601.80** | **23.85** | **47,016.26** |

Summary of material accounting policy information - Refer note 3

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

As per our report of even date

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

SHASHI PURUSHOTTAM TADWALKAR

Digitally signed by SHASHI PURUSHOTTAM TADWALKAR
Date: 2025.04.23 17:02:31 -07'00'

**Shashi Tadwalkar**
Partner

Membership No.: 101797

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Anand Deshpande
Anand Deshpande (Apr 23, 2025 15:56 PDT)

**Dr. Anand Deshpande**
Chairman and
Managing Director

DIN: 00005721

Place: USA
Date : April 23, 2025

Sandeep Kalra
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Executive Director and
Chief Financial Officer

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Date : April 23, 2025

Amit Atre
Amit Atre (Apr 23, 2025 16:06 PDT)

**Amit Atre**

Company Secretary
Membership No.: A20507

Place: USA
Date : April 23, 2025

**Nature and purpose of reserves**

**a) General reserve**

The general reserve is a free reserve created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of other comprehensive income ("OCI"). The same can be utilized in accordance with the provisions of the Companies Act, 2013.

**b) Share options outstanding reserve**

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

**c) Capital redemption reserve**

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

**d) Retained earnings**

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

**e) Securities premium reserve**

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

**f) Cash flow hedge reserve**

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

*(This space is intentionally left blank)*

## 1 Company overview

Persistent Systems Limited ("the Company" or "PSL") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 ("the 1956 Act"). The Company has its registered office at Bhageerath, 412 Senapati Bapat Road, Pune, Maharashtra, India. The shares of PSL are listed on Bombay Stock Exchange and National Stock Exchange. PSL is a global company specializing in software products, services and technology innovation. The company offers complete product life cycle services.

The Board of Directors approved the financial statements for the year ended March 31, 2025 and authorised for issue on April 23, 2025 (PDT) i.e., April 24, 2025 (IST).

## 2 Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 ("the Act") and Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair values, defined benefit liability/(asset) which is recognized at the present value of defined benefit obligation less fair value of plan asset and equity settled employee stock options which have been measured at fair value. The Ind AS are prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

Accounting policies have been consistently applied 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.

Amounts in the financial statements are presented in Indian Rupees in millions as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees.

## 3 Material accounting policy information

### 3.1 Use of estimates and judgements

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

### 3.2 Critical accounting estimates & judgement

**a) Revenue recognition**

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

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

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

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

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

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

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

**b) Income taxes**

The Company's major tax jurisdiction is India. Significant judgements are involved in determining the provision for income taxes.

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

**c) Business combination**

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

**d) Property, plant and equipment**

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. 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.

*(This space is intentionally left blank)*

e) **Leases**

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

As noted above, the Company enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Company uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

f) **Provisions and contingent liabilities**

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

g) **Defined benefits and compensated absences**

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

h) **Share based payments**

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

i) **Impairment of assets**

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

## 3.3 Summary of material accounting policies

a) **Current versus non-current classification**

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

b) **Property, plant and equipment**

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

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

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

c) **Intangible assets**

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

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

***Research and development cost***

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

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

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

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

d) **Depreciation and amortization**

Depreciation on Property, plant and equipment is provided from the date the asset is made avaiable for use using the Straight Line Method (‘SLM’) over the useful lives of the assets.

The estimated useful lives for the Property, plant and equipment except for leasehold improvements are as follows:

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

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

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

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

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

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

e) **Borrowing costs**

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

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

f) **Leases**

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

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

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset

***Where the Company is a lessee***

The Company 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.

*(This space is intentionally left blank)*

### g) Impairment of Non-financial assets

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

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

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

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

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

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

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

### h) Financial instruments

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

**Initial recognition and measurement**

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

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

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

***Subsequent measurement***

***Non-derivative financial instruments***

**Financial assets**

**Financial assets at amortized cost**

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

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

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

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

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

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

**Investments in subsidiaries**

Investment in subsidiaries are carried at cost less impairment.

**Cash and cash equivalents**

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

**Financial liabilities**

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

**Derivative financial instruments**

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

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

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

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

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

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

**Derecognition**

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

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

**Financial guarantee contracts**

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

**Fair value of financial instruments**

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

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

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

**Impairment of financial assets**

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

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

**i) Revenue recognition**

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognised upon transfer of control of promised products or services (“performance obligations”) to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services (“transaction price”). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

The Company’s contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

**Income from software services and licenses**

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

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

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

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

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

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

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

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

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

**Interest**

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

**Dividend**

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

**Contract balances**

***Contract assets***

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

***Contract liabilities***

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

**j) Foreign currency translation**

***Foreign currency transactions and balances***

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

***Initial recognition***

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

***Conversion***

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

***Exchange differences***

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

**Translation of foreign operations**

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

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k) **Employee benefits**

**Defined contribution plan**

**Provident fund**

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

**Superannuation**

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

**Defined benefit plan**

**Gratuity**

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

**Compensated absences and long service awards**

**Leave encashment**

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

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

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

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

**Long service awards**

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

**Other employee benefits**

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

### l) Income taxes

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

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

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

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

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

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

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

### m) Segment reporting

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

### n) Earnings per share (EPS)

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

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

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

### o) Provisions

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

**p) Contingent liabilities and commitments**

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

**q) Share based payments**

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

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

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

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

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

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

**r) Equity**

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

**s) Dividend**

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

**t) Business Combination**

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

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

Business combinations between entities under common control is accounted for using pooling of interest method. The identity of the reserves is preserved as they appear in the standalone financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to business transfer reserve.

u) **Goodwill/ Gain on bargain purchase**

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

v) **Cashflow statement**

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

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**Notes forming part of financial statements**

**4.1 Property, plant and equipment**

(In ₹ Million)

| | Land-Freehold | Buildings (Refer Note 1) | Computers (Refer Note 2) | Office equipments | Plant and equipment | Leasehold improvements | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross block (at cost)** | | | | | | | | | |
| As at April 1, 2024 | 991.53 | 2,825.52 | 3,727.84 | 67.17 | 2,057.11 | 20.79 | 876.97 | 14.81 | 10,581.74 |
| Additions | - | 10.34 | 603.77 | 11.28 | 199.04 | 5.23 | 39.21 | 0.87 | 869.74 |
| Disposals | - | 14.90 | 295.66 | 6.71 | 91.57 | 13.23 | 67.73 | 0.33 | 490.13 |
| Other Adjustments* | - | 0.22 | 11.48 | 0.84 | (12.55) | 0.01 | (0.02) | 0.02 | 0.00 |
| **As at March 31, 2025** | **991.53** | **2,821.18** | **4,047.43** | **72.58** | **2,152.03** | **12.80** | **848.43** | **15.37** | **10,961.35** |
| **Accumulated depreciation** | | | | | | | | | |
| As at April 1, 2024 | - | 1,481.62 | 3,132.32 | 54.36 | 1,400.79 | 20.79 | 611.18 | 8.14 | 6,709.20 |
| Charge for the year | - | 120.77 | 343.37 | 5.92 | 206.60 | 0.75 | 83.47 | 1.94 | 762.82 |
| Disposals | - | 11.65 | 198.55 | 6.71 | 88.54 | 13.23 | 59.99 | 0.33 | 379.00 |
| Other Adjustments | - | - | 10.97 | 0.09 | (11.15) | - | 0.03 | 0.03 | (0.03) |
| **As at March 31, 2025** | **-** | **1,590.74** | **3,288.11** | **53.66** | **1,507.70** | **8.31** | **634.69** | **9.78** | **7,092.99** |
| **Net block** | | | | | | | | | |
| **As at March 31, 2025** | **991.53** | **1,230.44** | **759.32** | **18.92** | **644.33** | **4.49** | **213.74** | **5.59** | **3,868.36** |

(In ₹ Million)

| | Land-Freehold | Buildings (Refer Note 1) | Computers | Office equipments | Plant and equipment | Leasehold improvements | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross block (at cost)** | | | | | | | | | |
| As at April 1, 2023 | 991.53 | 2,810.72 | 3,813.34 | 64.99 | 1,946.07 | 20.79 | 889.44 | 15.88 | 10,552.76 |
| Additions | - | 15.12 | 162.56 | 6.22 | 156.48 | - | 1.59 | 0.19 | 342.16 |
| Disposals | - | 0.32 | 248.06 | 4.04 | 45.44 | - | 14.06 | 1.26 | 313.18 |
| **As at March 31, 2024** | **991.53** | **2,825.52** | **3,727.84** | **67.17** | **2,057.11** | **20.79** | **876.97** | **14.81** | **10,581.74** |
| **Accumulated depreciation** | | | | | | | | | |
| As at April 1, 2023 | - | 1,360.64 | 2,724.48 | 53.95 | 1,273.79 | 20.79 | 548.38 | 7.28 | 5,989.31 |
| Charge for the year | - | 121.30 | 649.40 | 4.43 | 172.24 | - | 76.72 | 2.12 | 1,026.21 |
| Disposals | - | 0.32 | 241.56 | 4.02 | 45.24 | - | 13.92 | 1.26 | 306.32 |
| **As at March 31, 2024** | **-** | **1,481.62** | **3,132.32** | **54.36** | **1,400.79** | **20.79** | **611.18** | **8.14** | **6,709.20** |
| **Net block** | | | | | | | | | |
| **As at March 31, 2024** | **991.53** | **1,343.90** | **595.52** | **12.81** | **656.32** | **-** | **265.79** | **6.67** | **3,872.54** |

*₹0.00 Million represents value less than ₹ 5,000

Note 1: Building includes those constructed on leasehold land:

a) Gross block as on March 31, 2025 ₹ 1460.20 million (Previous year: ₹ 1460.40 million)

b) Depreciation charge for the year ₹ 58.04 million (Previous year: ₹59.30 million )

c) Accumulated depreciation as on March 31, 2025 ₹ 793.47 million (Previous year:₹735.52 million )

d) Net book value as on March 31, 2025 ₹ 666.73 million (Previous year: ₹ 724.88 million )

Note 2:

The management has revised estimated useful life of computers and networking equipments prospectively (refer note 54 for details).

**4.2 Capital work in progress**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Balance at beginning of year | 210.12 | 156.31 |
| Additions | 697.74 | 395.97 |
| Capitalised during the year | 869.74 | 342.16 |
| **Balance at end of year** | **38.12** | **210.12** |

**Capital work in progress ageing schedule***

**(In ₹ Million)**

| | Amount in capital work in progress for a period of | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Projects in progress | 38.12 | - | - | - | 38.12 |
| **As at March 31, 2025** | **38.12** | **-** | **-** | **-** | **38.12** |

| | Amount in capital work in progress for a period of | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Projects in progress | 131.31 | 78.81 | - | - | 210.12 |
| **As at March 31, 2024** | **131.31** | **78.81** | **-** | **-** | **210.12** |

*There are no projects whose completion schedule is overdue or has exceeded its cost compared to its original plan as of current year and previous year

*(This space is intentionally left blank)*

### 4.3 Right of use assets

(In ₹ Million)

| | Office premises | Leasehold land | Other Assets | Total |
|---|---|---|---|---|
| **Gross block (at cost)** | | | | |
| As at April 1, 2024 | 2,150.19 | 131.97 | - | 2,282.16 |
| Additions | 1,284.80 | 835.59 | 276.80 | 2,397.19 |
| Disposals | 168.39 | - | - | 168.39 |
| Lease Modification | 142.32 | - | - | 142.32 |
| Other Adjustments | - | 5.80 | - | 5.80 |
| **As at March 31, 2025** | **3,124.28** | **973.36** | **276.80** | **4,374.44** |
| **Accumulated depreciation** | | | | |
| As at April 1, 2024 | 853.14 | 4.76 | - | 857.90 |
| Charge for the year | 650.51 | 6.95 | 14.09 | 671.55 |
| Disposals | 116.85 | - | - | 116.85 |
| Lease Modification | 119.31 | - | - | 119.31 |
| Other Adjustments | - | 5.81 | - | 5.81 |
| **As at March 31, 2025** | **1,267.49** | **17.52** | **14.09** | **1,299.10** |
| **Net block** | | | | |
| **As at March 31, 2025** | **1,856.79** | **955.84** | **262.71** | **3,075.34** |

(In ₹ Million)

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

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### 4.4 Goodwill

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Balance at beginning of year | 236.00 | 236.00 |
| **Balance at end of year** | **236.00** | **236.00** |

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU or groups of CGUs, which benefit from the synergies of the acquisition. The Group internally reviews the goodwill for impairment at the operating segment level, after allocation of the goodwill to CGUs or groups of CGUs.

The recoverable amount of a CGU is determined based on its value-in-use. Value-in-use is determined based on discounted future cash flows.
The key assumptions used for the calculations are as follows :

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Long-term growth rate | 4.86% | 4.20% |
| Operating margins | 13% to 23% | 10% to 22% |
| Discount rate | 15% to 18% | 17% |

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. As at March 31, 2025, the estimated recoverable amount of the CGU exceeded its carrying amount. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount. Operating margin and long term growth rate are in line with company's current opertions.
Based on testing, no impairment loss was identified during current year and previous year.

### 4.5 Other Intangible assets

(In ₹ Million)

| | Software | Acquired contractual rights | Total |
|---|---|---|---|
| **Gross block** | | | |
| As at April 1, 2024 | 912.12 | 652.64 | 1,564.76 |
| Additions | 323.38 | 664.13 | 987.51 |
| Other Adjustments | (0.03) | - | (0.03) |
| **As at March 31, 2025** | **1,235.47** | **1,316.77** | **2,552.24** |
| | | | |
| **Accumulated Amortization** | | | |
| As at April 1, 2024 | 674.15 | 380.84 | 1,054.99 |
| Charge for the year | 271.89 | 55.72 | 327.61 |
| Other Adjustments | (0.03) | - | (0.03) |
| **As at March 31, 2025** | **946.01** | **436.56** | **1,382.57** |
| | | | |
| **Net block** | | | |
| **As at March 31, 2025** | **289.46** | **880.21** | **1,169.67** |

(In ₹ Million)

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

Acquired contractual rights have remaining amortisation period between 3-4 years.

**4.6 Intangible Assets Under Development**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Balance at beginning of year | 116.53 | - |
| Additions | 703.96 | 116.53 |
| Capitalised during the year | (88.72) | - |
| **Balance at end of year** | **731.77** | **116.53** |

**Intangible Asset under Development Ageing Schedule***

(In ₹ Million)

| | Amount in Intangible Asset under Development for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 703.96 | 27.81 | - | - | 731.77 |
| **As at March 31, 2025** | **703.96** | **27.81** | **-** | **-** | **731.77** |

(In ₹ Million)

| | Amount in Intangible Asset under Development for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 116.53 | - | - | - | 116.53 |
| **As at March 31, 2024** | **116.53** | **-** | **-** | **-** | **116.53** |

*There are no projects whose completion schedule is overdue or has exceeded its cost compared to its original plan as of current year and previous year.

**4.7 Depreciation and amortization expense**

(In ₹ Million)

| | For the year ended March 31, 2025 | March 31, 2024 |
|---|---|---|
| On Property, plant and equipment | 762.82 | 1,026.21 |
| On Right of use assets | 671.55 | 406.12 |
| On Other intangible assets | 327.61 | 191.31 |
| | **1,761.98** | **1,623.64** |

**5. Non-current financial assets : Investments**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Investments carried at cost** | | |
| **Unquoted investments** | | |
| **Investments in equity instruments** | | |
| **- In wholly owned subsidiary companies (refer note 33)** | | |
| Persistent Systems, Inc. 702.00 million (Previous year: 702.00 million) shares of USD 0.10 each, fully paid up | 4,729.74 | 4,729.74 |
| Persistent Systems Pte Ltd. 0.50 million (Previous year: 0.50 million) shares of SGD 1 each, fully paid up | 15.50 | 15.50 |
| Persistent Systems France SAS 1.50 million (Previous year: 1.50 million) shares of EUR 1 each, fully paid up | 97.47 | 97.47 |
| Persistent Systems Malaysia Sdn. Bhd. 5.45 million (Previous year: 5.45 million) shares of MYR 1 each, fully paid up | 102.25 | 102.25 |
| Persistent Systems Germany GmbH 16.73 million (Previous year: 16.73 million) shares of EUR 1 each, fully paid up | 1,719.40 | 1,719.40 |
| CAPIOT Software Private Limited (refer note 50) 0.19 million (Previous year: 0.19 million ) shares of Rs. 10 each, fully paid up | 483.71 | 483.71 |
| Media Agility India Private Limited 3.21 million (Previous year: 3.21 million ) shares of Rs. 10 each, fully paid up | 971.45 | 971.45 |
| Persistent Systems UK Limited 12.39 Million (Previous year : 12.39 milliom) shares of EUR 1 each, fully paid up. | 782.01 | 782.01 |
| Persistent India Foundation (refer note 53) 0.05 Million (Previous year : Nil) shares of INR 10 each, fully paid up. | 0.50 | - |
| Arrka Infosec Private Limited (refer note 50) 1.03 Million (Previous year : Nil) shares of INR 10 each, fully paid up. | 133.31 | - |
| **Total investments carried at cost (A)** | **9,035.34** | **8,901.53** |
| **Investments carried at amortised cost** | | |
| **Quoted Investments** | | |
| In bonds (refer note 31) | 2,916.91 | 2,916.91 |
| Add: Interest accrued on bonds | 78.66 | 78.70 |
| **Total investments carried at amortised cost (B)** | **2,995.57** | **2,995.61** |
| **Investments carried at fair value through profit and loss** | | |
| **Unquoted Investments** | | |
| **- Investments in mutual funds** | | |
| Fair value of long term mutual funds (refer note 5 (a)) | 2,823.96 | 2,178.44 |
| | **2,823.96** | **2,178.44** |
| **-Others*** | | |
| Altizon Systems Private Limited 3,766 equity shares (Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up | 6.00 | 6.00 |
| | **6.00** | **6.00** |
| **Total investments carried at fair value (C)** | **2,829.96** | **2,184.44** |
| **Total investments (A) + (B) + (C)** | **14,860.87** | **14,081.58** |
| **Aggregate provision for diminution in value of investments** | - | - |
| **Aggregate amount of quoted investments** | 2,995.57 | 2,995.61 |
| **Aggregate amount of unquoted investments** | 11,865.30 | 11,085.97 |
| **Aggregate market value of quoted investments** | 2,703.72 | 2,758.25 |

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

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

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Axis Mutual Fund | 672.09 | 526.58 |
| Bandhan Mutual Fund (formerly known as IDFC Mutual Fund) | 479.34 | 442.81 |
| HDFC Mutual Fund | 201.26 | 185.54 |
| DSP Mutual Fund | 168.52 | 155.66 |
| HSBC Mutual Fund | 168.43 | 155.43 |
| Kotak Mutual Fund | 208.86 | 152.75 |
| ICICI Prudential Mutual Fund | 324.15 | 152.57 |
| SBI Mutual Fund | 166.04 | 152.65 |
| Nippon India Mutual Fund (formerly known as Reliance Mutual Fund) | 269.72 | 101.92 |
| Aditya Birla Sun Life Mutual Fund | 165.55 | 152.53 |
| | **2,823.96** | **2,178.44** |

### 6. Non-current financial assets : Loans

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Carried at amortised cost** | | |
| **Other loans** | | |
| **Unsecured, considered good** | | |
| Loan to ESOP trust (refer note 39a) | 3,694.86 | 2,760.00 |
| | **3,694.86** | **2,760.00** |
| **Unsecured, credit impaired** | | |
| Inter-corporate deposit | 0.58 | 0.58 |
| Less: Impairment | (0.58) | (0.58) |
| | - | - |
| | **3,694.86** | **2,760.00** |

The Company has not granted any loans repayable on demand or without specifying any terms or period of repayment to promoters, directors, KMPs and the related parties as at 31 March 2025 and 31 March 2024.

### 7. Other non-current financial assets

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Considered good** | | |
| **Carried at amortised cost** | | |
| Deposits with Bank (refer note 13)* | 48.29 | 3.99 |
| Add: Interest accrued but not due on deposits with Bank (refer note 13) | 0.70 | 0.24 |
| | **48.99** | **4.23** |
| Deposit with financial institutions | - | 100.00 |
| Add: Interest accrued but not due on deposit with financial institutions | - | 10.18 |
| | **-** | **110.18** |
| Security deposits | 328.02 | 337.29 |
| Simple Agreement for Future Equity (SAFE) | 332.75 | 165.75 |
| **Considered good (A)** | **709.76** | **617.45** |
| **Credit impaired** | | |
| Deposit with financial institutions (refer note 45) | 408.88 | 430.00 |
| Add: Interest accrued but not due on deposit with financial institutions | 0.30 | 0.98 |
| Less: Credit impaired | (409.18) | (430.98) |
| **Credit impaired (B)** | **-** | **-** |
| Other financial assets | 0.11 | - |
| **Total (A+B)** | **709.87** | **617.45** |

* Out of the balance, fixed deposits of ₹ 3.00 million (Previous year : ₹ 3.60 million) have been earmarked against credit facilities and bank guarantees availed by the Company.

### 8. Deferred tax assets (net)

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Deferred tax liabilities** | | |
| Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets | - | 16.73 |
| Capital gains (net) | 122.73 | 44.15 |
| Cash flow hedges | - | 8.02 |
| | **122.73** | **68.90** |
| **Deferred tax assets** | | |
| Provision for leave encashment | 252.79 | 223.08 |
| Provision for long service awards | - | 127.54 |
| Allowance for expected credit loss | 54.29 | 18.95 |
| Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets | 12.42 | - |
| Provision for Gratuity | - | 14.72 |
| Right of use asset and lease liability | 51.08 | 61.13 |
| Cash flow hedges | 0.78 | - |
| Provisions for doubtful investment | 113.28 | 117.28 |
| | **484.64** | **562.70** |
| **Deferred tax assets (net)** | **361.91** | **493.80** |

**Movement in deferred tax assets (net) during the year ended March 31, 2025**

In ₹ Million

| | As at April 1, 2024 | Charge/ (Credit) in statement of Profit or loss | Credit/ (Charge) in other comrpehensive income | As at March 31, 2025 |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets | 16.73 | (16.73) | - | - |
| Capital gains (net) | 44.15 | 78.58 | - | 122.73 |
| Cash flow hedges | 8.02 | - | (8.02) | - |
| | **68.90** | **61.85** | **(8.02)** | **122.73** |
| **Deferred tax assets** | | | | |
| Provision for leave encashment | 223.08 | (29.71) | - | 252.79 |
| Provision for long service awards | 127.54 | 127.54 | - | - |
| Allowance for expected credit loss | 18.95 | (35.34) | - | 54.29 |
| Provision for Gratuity | 14.72 | 14.72 | | - |
| Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets | - | (12.42) | | 12.42 |
| Tax credit | - | - | - | - |
| Cash flow hedges | - | - | (0.78) | 0.78 |
| Right of use asset and lease liability | 61.13 | 10.05 | - | 51.08 |
| Provisions for doubtful investment | 117.28 | 4.00 | - | 113.28 |
| | **562.70** | **78.84** | **(0.78)** | **484.64** |
| | **493.80** | **140.69** | **(8.80)** | **361.91** |

Movement in deferred tax assets (net) during the year ended March 31, 2024

In ₹ Million

| | As at April 1, 2023 | Charge/ (Credit) in statement of Profit or loss | Credit/ (Charge) in other comrpehensive income | As at March 31, 2024 |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets | 68.53 | (51.80) | - | 16.73 |
| Capital gains (net) | 22.82 | 21.33 | - | 44.15 |
| Cash flow hedges | - | - | 8.02 | 8.02 |
| | **91.35** | **(30.47)** | **8.02** | **68.90** |
| **Deferred tax assets** | | | | |
| Provision for leave encashment | 147.86 | (75.22) | - | 223.08 |
| Provision for long service awards | 101.60 | (25.94) | - | 127.54 |
| Allowance for expected credit loss | 19.83 | 0.88 | - | 18.95 |
| Provision for Gratuity | - | (14.72) | | 14.72 |
| Tax credit | 57.95 | 57.95 | - | - |
| Right of use asset and lease liability | 42.66 | (18.47) | - | 61.13 |
| Provisions for doubtful investment | 117.28 | - | - | 117.28 |
| | **487.18** | **(75.52)** | **-** | **562.70** |
| | **395.83** | **(105.99)** | **8.02** | **493.80** |

**9. Other non current assets**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Capital advances (Unsecured, considered good) | 33.53 | 823.00 |
| Prepayments | 508.87 | 128.27 |
| | **542.40** | **951.27** |

**10. Current financial assets : Investments**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Investments carried at fair value through profit and loss** | | |
| **- Unquoted investments** | | |
| **Investments in mutual funds** | | |
| Fair value of current mutual funds (refer note 10(a)) | 3,335.01 | 2,623.06 |
| **Total carrying amount of investments** | **3,335.01** | **2,623.06** |
| **Aggregate amount of unquoted investments** | **3,335.01** | **2,623.06** |

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

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Aditya Birla Sun Life Mutual Fund | 438.79 | 502.35 |
| UTI Mutual Fund | 383.48 | 364.28 |
| Kotak Mutual Fund | 609.18 | 311.66 |
| HDFC Mutual Fund | 118.00 | 303.47 |
| Tata Mutual Fund | 195.10 | 234.14 |
| DSP Mutual Fund | - | 195.10 |
| Axis Mutual Fund | 275.99 | 173.71 |
| Bandhan Mutual Fund (formerly known as IDFC Mutual Fund) | 472.47 | 157.51 |
| Nippon India Mutual Fund (formerly known as Reliance Mutual Fund) | 195.40 | 150.60 |
| Mirae Asset Mutual Fund | 195.64 | 50.06 |
| SBI Mutual Fund | 70.03 | 50.03 |
| Sundaram mutual fund | 115.28 | 40.05 |
| HSBC Mutual Fund | - | 40.05 |
| ICICI Prudential Mutual Fund | 70.04 | 30.02 |
| Invesco Mutual Fund | 195.61 | 20.03 |
| | **3,335.01** | **2,623.06** |

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## 11. Trade receivables

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **-Non Current** | | |
| Unsecured, considered good | 503.15 | 260.94 |
| | **503.15** | **260.94** |
| **-Current** | | |
| Unsecured, considered good* | 15,798.11 | 16,622.68 |
| Unsecured, credit impaired | 831.67 | 270.36 |
| | **16,629.78** | **16,893.04** |
| Less : Allowance for expected credit loss | (215.72) | (63.58) |
| | **16,414.06** | **16,829.46** |
| | **16,917.21** | **17,090.40** |

*Includes dues from related parties (refer note 33)

**Trade receivables Ageing Schedule**

In ₹ Million

| | Not due | Outstanding for following periods from due date of payment: Less than 6 Months | 6 months – 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|---|
| Undisputed Trade Receivables – considered good | 4,049.84 | 12,251.42 | - | - | - | - | 16,301.26 |
| Undisputed Trade receivable – credit impaired | - | - | 526.66 | 184.60 | 74.71 | 45.70 | 831.67 |
| | **4,049.84** | **12,251.42** | **526.66** | **184.60** | **74.71** | **45.70** | **17,132.93** |
| Less : Allowance for expected credit loss | - | - | (80.56) | (21.26) | (68.20) | (45.70) | (215.72) |
| **As At March 31, 2025** | **4,049.84** | **12,251.42** | **446.10** | **163.34** | **6.51** | **-** | **16,917.21** |
| **Expected loss rate (Refer note 31)** | **0.00%** | **0.00%** | **15.30%** | **11.52%** | **91.29%** | **100.00%** | |

| | Not due | Outstanding for following periods from due date of payment: Less than 6 Months | 6 months – 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|---|
| Undisputed Trade Receivables – considered good | 7,672.09 | 9,211.53 | - | - | - | - | 16,883.62 |
| Undisputed Trade receivable – credit impaired | - | - | 161.86 | 63.07 | 5.00 | 40.43 | 270.36 |
| | **7,672.09** | **9,211.53** | **161.86** | **63.07** | **5.00** | **40.43** | **17,153.98** |
| Less : Allowance for expected credit loss | - | - | (16.48) | (36.60) | (1.52) | (8.98) | (63.58) |
| **As At March 31, 2024** | **7,672.09** | **9,211.53** | **145.38** | **26.47** | **3.48** | **31.45** | **17,090.40** |
| **Expected loss rate (Refer note 31)** | **0.00%** | **0.00%** | **10.18%** | **58.03%** | **30.40%** | **22.21%** | |

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## 12. Cash and cash equivalents

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash on hand | 0.19 | 0.08 |
| Balances with banks | | |
| On current accounts# | 1,520.44 | 1,761.40 |
| On saving accounts | 22.80 | 23.48 |
| On Exchange Earner's Foreign Currency accounts | 1,488.57 | 1,401.87 |
| On Deposit accounts with original maturity less than three months | 586.00 | 72.00 |
| | **3,618.00** | **3,258.83** |

# Of the cash and cash equivalent balance as at March 31, 2025, the Company can utilise ₹ 0.02 million (Previous year: ₹ 65.10 million) only towards certain predefined activities specified in the government grant agreement.

## 13. Bank balances other than cash and cash equivalents

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Deposits with banks* | 3,054.13 | 3,143.46 |
| Add: Interest accrued but not due on deposits with banks | 101.39 | 98.34 |
| Deposits with banks (carried at amortised cost) | **3,155.52** | **3,241.80** |
| Less: Deposit with maturity more than twelve months from the Balance Sheet date disclosed under non-current financial assets (refer note 7) | (48.29) | (3.99) |
| Less: Interest accrued but not due on non-current deposits with banks (refer note 7) | (0.70) | (0.24) |
| | **3,106.53** | **3,237.57** |
| Balances with banks on unpaid dividend accounts** | 20.23 | 2.92 |
| | **3,126.76** | **3,240.49** |

* Out of the balance, fixed deposits of ₹ 2,367.54 million (Previous year : ₹ 2,365.78 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 financial statements**

**14. Other current financial assets**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Derivative instruments at fair value through OCI** | | |
| **Cash flow hedges** | | |
| Foreign exchange forward contracts | - | 42.54 |
| | | |
| **Carried at amortised cost** | | |
| **Advances to related parties (Unsecured, considered good) (refer note 33)** | | |
| Persistent Systems, Inc. | - | 101.25 |
| Persistent Systems France SAS | 0.81 | 0.80 |
| Persistent Telecom Solutions Inc. | 0.26 | 0.64 |
| Persistent Systems Malaysia Sdn. Bhd. | 0.13 | 0.13 |
| Persistent Systems Lanka (Private) Limited | - | 0.30 |
| Persistent Systems UK Limited (Formerly known as Aepona Limited) | 137.05 | 17.28 |
| Persistent Systems Australia Pty Limited | 0.45 | 0.30 |
| CAPIOT Software Private Limited | 0.02 | 0.02 |
| Persistent Systems Mexico, S.A. de C.V | 2.18 | 1.64 |
| Youperience GmbH | - | 0.04 |
| Persistent Systems Pte. Ltd. | - | 0.41 |
| Persistent Systems Germany GmbH | 0.86 | 0.71 |
| Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) | 0.20 | 0.20 |
| Persistent Systems Costa Rica Limitada (Formerly known as Data Glove IT Solutions Limitada) | 1.28 | 1.25 |
| MediaAgility India Private Limited | - | 0.01 |
| MediaAgility UK Limited | - | 2.56 |
| | **143.24** | **127.54** |
| | | |
| Unbilled revenue* | 9,744.02 | 4,190.71 |
| Security deposits | 85.35 | 0.10 |
| Other receivables ** | 6,240.19 | - |
| | **16,212.80** | **4,360.89** |

* Includes dues from related parties (refer note 33).

** Includes amounts received in subsidiaries on behalf of the company of ₹ 6,240.19 million (previous year - NIL) (refer note 33).

**15. Other current assets**

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Advances to suppliers (Unsecured, considered good)** | | |
| Advances recoverable in cash or kind or for value to be received | 1,173.59 | 1,045.55 |
| Prepayments | 913.65 | 649.98 |
| Deferred finance cost | 5.72 | 61.82 |
| | | |
| **Other advances (Unsecured, considered good)** | | |
| VAT receivable (net) | 55.25 | 20.97 |
| Service tax and GST receivable (net) ( refer note 35) | 4,875.47 | 2,447.09 |
| | **4,930.72** | **2,468.06** |
| | | |
| | **7,023.68** | **4,225.41** |

16(a). Share Capital

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Authorized shares (No. in million)** | | |
| 400 (Previous year:400 ) equity shares of ₹5 each | 2,000.00 | 2,000.00 |
| | **2,000.00** | **2,000.00** |
| **Issued, subscribed and fully paid-up shares (No. in million)** | | |
| 155.85 (Previous year: 154.05) equity shares of ₹5 each | 779.25 | 770.25 |
| **Issued, subscribed and fully paid-up share capital** | **779.25** | **770.25** |

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

The Board of Directors of the Company at its meeting held on January 20, 2024, recommended the sub-division/ split of 1(One) fully paid-up equity share having a face value of ₹10 each into 2 (Two) fully paid-up equity shares having a face value of ₹ 5 each by alteration of capital clause of the Memorandum of Association (MOA) subject to the approval of Members of the Company. The Members of the Company approved the sub-division / Split of 1(One) fully paid up equity share of ₹ 10 each into 2 (Two) fully paid up equity shares of ₹ 5 each through a postal ballot with a requisite majority and the voting results were declared on March 11, 2024.

Further, the Board of Directors at its meeting held on March 13, 2024, approved the Record Date for Split/Sub-division of Equity Shares as April 1, 2024.
Consequent to this, the authorized share capital comprises 400 Million equity shares having a face value of ₹ 5 each aggregating to ₹ 2,000 Million, and the paid-up capital comprises 154.05 Million equity shares having a face value of ₹ 5 each aggregating to ₹ 770.25 Million. The impact of this has been considered in the financial statement.

**a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

**(In Million)**

| | As at March 31, 2025 | | As at March 31, 2024 | |
|---|---|---|---|---|
| | No of Shares | Amount ₹ | No of Shares | Amount ₹ |
| Number of shares at the beginning of the year | 154.05 | 770.25 | 152.85 | 764.25 |
| Add / Less: Changes during the year | 1.80 | 9.00 | 1.20 | 6.00 |
| **Number of shares at the end of the year** | **155.85** | **779.25** | **154.05** | **770.25** |

**b) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors of Persistent Systems Limited, at its meeting held on January 22, 2025, declared an interim dividend of ₹ 20 per equity share of face value of ₹ 5 each for the Financial Year 2024-25.

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

**Dividend distribution made and proposed:**

| | For the year ended March 31, 2025 In ₹ Million | For the year ended March 31, 2024 In ₹ Million |
|---|---|---|
| **Dividends on equity shares declared and paid:** | | |
| Final dividend for the year ended on 31 March 2024: ₹ 10 per share (31 March 2023: ₹ 11 per share) | 1,540.50 | 1,692.35 |
| Interim dividend for the year ended on 31 March 2025: ₹ 20 per share (31 March 2024: ₹ 16 per share) | 3,117.00 | 2,461.60 |
| | **4,657.50** | **4,153.95** |
| **Proposed dividends on Equity shares:** | | |
| Proposed dividend for the year ended on 31 March 2025: ₹ 15 per share (31 March 2024: ₹ 10 per share) | 2,337.75 | 1,540.50 |
| | **2,337.75** | **1,540.50** |

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 March 2025.
Dividend per equity share disclosed in above note represents dividends declared previously, retrospectively adjusted for the April 2024 share split.

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

In the period of five years immediately preceding March 31, 2025, the Company has not done any buyback of shares.

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

| Name of the shareholder* | As at March 31, 2025 | | As at March 31, 2024 | |
|---|---|---|---|---|
| | No. in million | % Holding | No. in million | % Holding |
| Dr. Anand Deshpande | 45.75 | 29.35 | 45.75 | 29.70 |

* 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.

**e) Details of shares held by promoters**

**As at March 31, 2025**

| Promoter Name | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of Total Shares | % change during the year |
|---|---|---|---|---|---|
| Dr. Anand Suresh Deshpande | 45,745,680 | 2,000 | 45,747,680 | 29.35% | 0.00% |
| Mrs. Chitra Hemadri Buzruk | 938,800 | - | 938,800 | 0.60% | - |
| Dr. Mukund Suresh Deshpande | 800,050 | - | 800,050 | 0.51% | - |
| Mrs. Sonali Anand Deshpande | 224,000 | - | 224,000 | 0.14% | - |
| Mrs. Sulabha Suresh Deshpande | 1,000 | - | 1,000 | 0.00% | - |
| Mr. Arul Anand Deshpande | 20,000 | - | 20,000 | 0.01% | - |
| Ms. Gayatri Hemadri Buzruk | 20,000 | - | 20,000 | 0.01% | - |
| Mr. Hemadri N Buzruk | 15,640 | - | 15,640 | 0.01% | - |
| Mr. Suresh Purushottam Deshpande | 1,000 | - | 1,000 | 0.00% | - |
| Mr. Padmakar Govind Khare | 1,760 | - | 1,760 | 0.00% | - |
| Mr. Chinmay Hemadri Buzruk | 20,000 | - | 20,000 | 0.01% | - |

**As at March 31, 2024**

| Promoter Name | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of Total Shares | % change during the year |
|---|---|---|---|---|---|
| Dr. Anand Suresh Deshpande | 45,743,680 | 2,000 | 45,745,680 | 29.70% | 0.00% |
| Mrs. Chitra Hemadri Buzruk | 938,800 | - | 938,800 | 0.61% | - |
| Dr. Mukund Suresh Deshpande | 800,050 | - | 800,050 | 0.52% | - |
| Mrs. Sonali Anand Deshpande | 224,000 | - | 224,000 | 0.15% | - |
| Mrs. Sulabha Suresh Deshpande | 1,000 | - | 1,000 | 0.00% | - |
| Mr. Arul Anand Deshpande | 20,000 | - | 20,000 | 0.01% | - |
| Ms. Gayatri Hemadri Buzruk | 20,000 | - | 20,000 | 0.01% | - |
| Mr. Hemadri N Buzruk | 15,640 | - | 15,640 | 0.01% | - |
| Mr. Suresh Purushottam Deshpande | 1,000 | - | 1,000 | 0.00% | - |
| Mr. Padmakar Govind Khare | - | 1,760 | 1,760 | 0.00% | 100% |
| Mr. Chinmay Hemadri Buzruk | 20,000 | - | 20,000 | 0.01% | - |

*(This space is intentionally left blank)*

16(b). Other equity

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Reserves and Surplus** | | |
| General reserve | 27,741.64 | 25,854.48 |
| Share options outstanding reserve | 3,432.38 | 2,227.71 |
| Capital redemption reserve | 35.75 | 35.75 |
| Retained earnings | 24,314.68 | 17,272.67 |
| Securities premium | 3,438.70 | 1,601.80 |
| **Items of other comprehensive income** | | |
| Effective portion of cash flow hedges | (2.32) | 23.85 |
| | **58,960.83** | **47,016.26** |

(i) General reserve

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Opening Balance | 25,854.48 | 20,824.26 |
| Transfer to general reserve | - | 3,942.66 |
| Adjustments towards employees stock options | 1,887.16 | 1,087.56 |
| | **27,741.64** | **25,854.48** |

(ii) Share options outstanding reserve

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Opening Balance | 2,227.71 | 2,222.02 |
| Adjustments towards employees stock options | (1,887.16) | (1,087.56) |
| Employee stock compensation expenses | 609.37 | 584.95 |
| Employee stock compensation expenses of subsidiaries | 2,482.46 | 508.30 |
| | **3,432.38** | **2,227.71** |

(iii) Capital redemption reserve

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Opening Balance | 35.75 | 35.75 |
| Addition during the year | - | - |
| | **35.75** | **35.75** |

(iv) Retained earnings

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Opening Balance | 17,272.67 | 15,575.98 |
| Profit for the year | 11,551.41 | 9,856.65 |
| Items recognised in / from other comprehensive income for the year | 197.91 | (84.64) |
| Income tax effect on above | (49.81) | 21.29 |
| Dividend | (4,657.50) | (4,153.95) |
| Transfer to general reserve | - | (3,942.66) |
| | **24,314.68** | **17,272.67** |

(v) Securities premium

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Opening Balance | 1,601.80 | - |
| Premium on fresh issue of equity shares | 1,836.90 | 1,601.80 |
| | **3,438.70** | **1,601.80** |

(vi) Effective portion of cash flow hedges

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Opening Balance | 23.85 | (5.76) |
| Items recognised in / from other comprehensive income for the year (net of tax) | (26.17) | 29.61 |
| | **(2.32)** | **23.85** |

### 17. Borrowings

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Unsecured Borrowings carried at amortised cost** | | |
| **Non-current** | | |
| Term loans | | |
| Indian rupee loan from others | - | 1.85 |
| Interest accrued but not due on term loans | - | 0.02 |
| | **-** | **1.87** |
| Less: Current maturity of long-term borrowings | - | (1.85) |
| Less: Current maturity of interest accrued but not due on term loan | - | (0.02) |
| | **-** | **(1.87)** |
| | - | - |
| **Current** | | |
| Current maturity of long-term borrowings | - | 1.85 |
| Current maturity of interest accrued but not due on term loan | - | 0.02 |
| | | **1.87** |

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

Loan amounting to ₹ Nil (Previous year : ₹ 1.85 Million) having Interest payable @ 3% per annum which was repayable in ten equal annual installments over a period of ten years commencing from October 2015 has been repaid.

The table below shows change in the Company's borrowing:

| | For the year ended March 31, 2025 In ₹ Million | For the year ended March 31, 2024 In ₹ Million |
|---|---|---|
| Opening | 1.85 | 3.69 |
| Addition | - | - |
| repayment | (1.85) | (1.84) |
| Closing | **-** | **1.85** |

### 18. Lease liabilities

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Non-current** | | |
| Lease Liabilities (refer note 32) | 2,322.46 | 1,503.97 |
| Less: Current portion of lease liabilities | (834.49) | (560.87) |
| | **1,487.97** | **943.10** |
| **Current** (refer note 32) | | |
| Lease Liabilities | 834.49 | 560.87 |
| | **834.49** | **560.87** |

The table below shows change in the Company's liabilities arising from lease, including both cash and non-cash changes:

| | For the year ended March 31, 2025 In ₹ Million | For the year ended March 31, 2024 In ₹ Million |
|---|---|---|
| Opening balance | 1,503.97 | 1,555.59 |
| Additions | 1,561.60 | 321.27 |
| Deletions | (102.58) | - |
| Lease Modification | (45.32) | - |
| Add: Interest recognised during the year | 218.69 | 147.50 |
| Less: Payments made | (813.90) | (520.39) |
| **Closing balance** | **2,322.46** | **1,503.97** |

### 19. Non current liabilities : Provisions

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Provision for employee benefits | | |
| - Gratuity (refer note 29) | 69.06 | 58.49 |
| - Long service awards (refer note 55) | - | 472.72 |
| | **69.06** | **531.21** |

## 20. Trade payables

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Trade payables for goods and services* | | |
| -total outstanding dues of micro enterprises and small enterprises (refer note 42) | 40.77 | 49.63 |
| -total outstanding dues of creditors other than micro enterprises and small enterprises | 10,151.84 | 2,638.18 |
| | **10,192.61** | **2,687.81** |

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

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

The information as required to be disclosed pursuant under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) has been determined to the extent such parties have been identified based on the information information available with the Company.

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Amount remaining unpaid:** | | |
| Principal | 40.77 | 49.63 |
| Interest | - | - |
| Interest paid by the Company under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day | - | - |
| Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006; | - | - |
| Interest accrued and remaining unpaid at the end of the year | - | - |
| Interest remaining due and payable (pertaining to prior years), until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act 2006. | - | - |

**Trade payables Ageing Schedule**

| | Unbilled dues | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Total outstanding dues of micro enterprises and small enterprises | - | 34.32 | 6.45 | - | - | - | 40.77 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 3,470.35 | 1,457.73 | 5,209.98 | 7.70 | 0.98 | 5.10 | 10,151.84 |
| **As At March 31, 2025** | **3,470.35** | **1,492.05** | **5,216.43** | **7.70** | **0.98** | **5.10** | **10,192.61** |

| | Unbilled dues | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Total outstanding dues of micro enterprises and small enterprises | - | 45.71 | 3.92 | - | - | - | 49.63 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 896.97 | 727.16 | 1,001.37 | 7.38 | 2.41 | 2.89 | 2,638.18 |
| **As At March 31, 2024** | **896.97** | **772.87** | **1,005.29** | **7.38** | **2.41** | **2.89** | **2,687.81** |

*(This space is intentionally left blank)*

### 21. Other financial liabilities

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Non-Current** | | |
| **At amortised cost** | | |
| Security deposits | 15.70 | - |
| **At fair value through profit & loss** | | |
| Liability towards contingent consideration (refer note 31a) | 173.13 | - |
| | **188.83** | **-** |
| **Current** | | |
| **At amortised cost** | | |
| Capital creditors | 59.66 | 61.57 |
| Accrued employee liabilities | 537.14 | 218.43 |
| Unpaid dividend * | 20.23 | 2.92 |
| Other liabilities** | 31.77 | 9.19 |
| Payable to selling shareholders | 283.71 | - |
| **Advance from related parties (Unsecured, considered good)** | | |
| Persistent Systems, Inc. | 194.71 | - |
| MediaAgility India Private Limited | 2.21 | - |
| Persistent Systems Pte. Ltd. | 0.32 | - |
| | **197.24** | **-** |
| **At fair value through profit & loss** | | |
| Liability towards contingent consideration (refer note 31a) | 54.98 | - |
| **Derivative instruments at fair value through OCI** | | |
| **Cash flow hedges** | | |
| Foreign exchange forward contracts | 36.82 | - |
| | **1,221.55** | **292.11** |

* Unpaid dividend is credited to Investor Education and Protection Fund as and when due.
** Includes amounts received in company on behalf of the subsidiaries of ₹ 16.84 million (previous year - NIL).(refer note 33)

### 22. Other liabilities

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| **Non-current** | | |
| Other Liabilities | 39.96 | 25.51 |
| | **39.96** | **25.51** |
| **Current** | | |
| Unearned revenue | 2,207.79 | 530.99 |
| Advance from customers | 92.60 | 56.09 |
| Other payables | | |
| - Statutory liabilities | 830.32 | 834.26 |
| Payable to related companies (refer note 33) | 438.21 | 3,381.47 |
| Other Liabilities* | 66.15 | 111.29 |
| | **3,635.07** | **4,914.10** |

*Includes balance of ₹ 0.02 Million (Previous year: ₹ 65.10 Million) to be utilised against certain predefined activities specified in the government grant agreement. There are no unfulfilled conditions or contingencies attached to these grants.

### 23. Current liabilities : Provisions

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| Provision for employee benefits | | |
| - Leave encashment | 1,123.13 | 886.38 |
| - Long service awards (refer note 55) | - | 34.02 |
| - Other employee benefits | 1,517.87 | 1,117.02 |
| | **2,641.00** | **2,037.42** |

### 24. Revenue from operations (refer note 33 & 56)

| | For the year ended | |
|---|---|---|
| | March 31, 2025 In ₹ Million | March 31, 2024 In ₹ Million |
| Software services | 115,074.17 | 64,101.34 |
| Software licenses | 2,206.04 | 1,040.83 |
| | **117,280.21** | **65,142.17** |

Software service revenue is recognized as and when the related services are performed i.e. over the period of time. Software licenses revenue is recognized on point in time basis.

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

| | For the year ended | |
|---|---|---|
| | March 31, 2025 In ₹ Million | March 31, 2024 In ₹ Million |
| **Revenue by industry segments** | | |
| Banking, Financial Services and Insurance (BFSI) | 36,679.33 | 9,648.14 |
| Healthcare & Life Sciences | 31,331.75 | 7,679.83 |
| Technology Companies and Emerging Verticals | 49,269.13 | 47,814.20 |
| **Total** | **117,280.21** | **65,142.17** |
| **Geographical disclosure** | | |
| India | 10,983.97 | 9,060.81 |
| North America | 97,195.64 | 48,702.96 |
| Rest of the World | 9,100.60 | 7,378.40 |
| **Total** | **117,280.21** | **65,142.17** |
| **Onsite / offshore / IP Led** | | |
| IP Led | 3,189.81 | 1,619.36 |
| Offshore | 67,522.15 | 59,197.31 |
| Onsite | 46,568.25 | 4,325.50 |
| **Total** | **117,280.21** | **65,142.17** |

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Company expects to recognise these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation-related disclosures for contracts where the revenue recognised corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material and unit of work-based contracts. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency. The normal credit term is 30 to 90 days.

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

| | For the year ended | |
|---|---|---|
| | March 31, 2025 In ₹ Million | March 31, 2024 In ₹ Million |
| Revenue as per contract price | 117,280.21 | 65,142.17 |
| Discount | - | - |
| Revenue from contract with customers | **117,280.21** | **65,142.17** |

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

| | For the year ended | |
|---|---|---|
| | March 31, 2025 In ₹ Million | March 31, 2024 In ₹ Million |
| **Balance at the beginning of the year** | 4,190.71 | 4,138.95 |
| Invoices raised that were included in the contract assets balance at the beginning of the year | (4,190.71) | (4,138.95) |
| Increase due to revenue recognised during the year, excluding amounts billed during the year | 9,744.02 | 4,190.71 |
| **Balance at the end of the year** | **9,744.02** | **4,190.71** |

**Changes in unearned revenue are as follows:**

| | For the year ended March 31, 2025 In ₹ Million | For the year ended March 31, 2024 In ₹ Million |
|---|---|---|
| **Balance at the beginning of the year** | 530.99 | 302.30 |
| Revenue recognised that was included in the unearned revenue balance at the beginning of the year | (901.38) | (281.62) |
| Increase due to revenue recognised during the year, excluding amounts billed during the year | 2,578.18 | 510.31 |
| **Balance at the end of the year** | **2,207.79** | **530.99** |

**25. Other income**

| | For the year ended March 31, 2025 In ₹ Million | For the year ended March 31, 2024 In ₹ Million |
|---|---|---|
| Interest income | | |
| - On deposits carried at amortised cost | 244.23 | 261.45 |
| - On Loan given to ESOP Trust | 255.30 | 245.55 |
| - On Others** | 226.92 | 208.31 |
| Dividend income from investments* | - | 249.99 |
| **Other non-operating income** | | |
| Foreign exchange gain (net) | 113.39 | 209.51 |
| Profit on sale of Property, plant and equipment (net) | 78.06 | 22.95 |
| Profit on account of lease modification | 28.15 | |
| Profit on sale of investments (net) (refer note 52) | 336.02 | 36.45 |
| Net profit on sale/ fair valuation of financial assets designated as FVTPL | 444.99 | 293.35 |
| Excess provision in respect of earlier years written back | 10.49 | 0.14 |
| Miscellaneous income | 70.70 | 117.16 |
| | **1,808.25** | **1,644.86** |

*includes dividend received from investment in wholly owned subsidiaries. (Refer note 33)
**includes interest income received from related party (Refer Note 33)

**26. Personnel expenses**

| | For the year ended March 31, 2025 In ₹ Million | For the year ended March 31, 2024 In ₹ Million |
|---|---|---|
| **26.1 Employee benefits expense** | | |
| Salaries, wages and bonus (refer note 55) | 44,287.34 | 34,663.68 |
| Contribution to provident and other funds* (refer note 29) | 2,639.27 | 1,809.06 |
| Staff welfare expense | 1,226.29 | 1,288.09 |
| Share based payments to employees (refer note 34) | 609.37 | 584.95 |
| | **48,762.27** | **38,345.78** |
| **26.2 Cost of professionals** | | |
| - Related parties (refer note 33) | 20,376.15 | 4,615.53 |
| - Others | 16,151.58 | 1,372.07 |
| | **36,527.73** | **5,987.60** |
| | **85,290.00** | **44,333.38** |

* Includes contribution towards gratuity.

*(This space is intentionally left blank)*

### 27. Other expenses*

| | For the year ended March 31, 2025 In ₹ Million | For the year ended March 31, 2024 In ₹ Million |
|---|---|---|
| Travelling and conveyance | 1,012.39 | 655.81 |
| Electricity expenses (net) | 117.72 | 124.56 |
| Internet link expenses | 106.74 | 86.79 |
| Communication expenses | 24.17 | 47.44 |
| Recruitment expenses | 168.76 | 138.81 |
| Training and seminars | 145.26 | 155.21 |
| Purchase of software licenses and support expenses | 4,545.79 | 3,136.92 |
| Bad debts | - | 59.66 |
| Charge/ (reversal) of allowance for expected credit loss (net) | 141.60 | (15.95) |
| Rent (refer note 32) | 60.23 | 98.74 |
| Insurance | 124.73 | 71.45 |
| Rates and taxes | 163.97 | 51.60 |
| Legal and professional fees | 564.08 | 377.28 |
| Repairs and maintenance | | |
| - Plant and Machinery | 156.28 | 154.92 |
| - Buildings | 43.79 | 33.77 |
| - Others | 33.71 | 27.23 |
| Selling and marketing expenses | 7,554.79 | 1,730.07 |
| Advertisement, conference and sponsorship fees | 8.80 | 19.72 |
| Computer consumables | 17.36 | 15.28 |
| Auditors' remuneration (refer note 40) | 13.21 | 12.33 |
| Corporate social responsibility expenditure (refer note 37) | 217.78 | 175.45 |
| Books, memberships, subscriptions | 6.08 | 5.71 |
| Directors' sitting fees | 9.10 | 8.20 |
| Directors' commission | 35.55 | 34.11 |
| Miscellaneous expenses | 559.07 | 289.77 |
| | **15,830.96** | **7,494.88** |

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

*(This space is intentionally left blank)*

## 28. Earnings per share

| | | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|---|
| <u>**Numerator for Basic and Diluted EPS**</u> | | | |
| Net Profit after tax (In ₹ Million) | (A) | 11,551.41 | 9,856.65 |
| <u>**Denominator for basic and diluted EPS**</u> | | | |
| Weighted average number of equity shares | (B) | 155,166,164 | 153,871,858 |
| **Basic and diluted earnings per share of face value of ₹5 each (In ₹)** | (A/B) | **74.45** | **64.06** |

| | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Number of shares considered as basic weighted average shares outstanding | 154,050,000 | 152,850,000 |
| Add: weighted average number of shares issued during the year | 1,116,164 | 1,021,858 |
| **Number of shares considered as weighted average shares and potential shares outstanding** | **155,166,164** | **153,871,858** |

*(This space is intentionally left blank)*

**29. Defined benefits and contribution obligation:**

**a) Defined benefits Plan - Gratuity**

The Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible Indian employees of the Company. The Gratuity Plan provides a lumpsum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarize the amount recognized in the statement of profit and loss and other comprehensive income, the funded status and amounts recognized in the Balance Sheet for the plan.

**Statement of profit & loss and other comprehensive income**

The amount recognised in the statement of profit and loss are as follows:

**(In ₹ Million)**

| | For the year ended | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Current service cost | 485.08 | 305.21 |
| Interest cost on benefit obligation | 113.07 | 93.54 |
| Expected return on plan assets | (111.43) | (99.74) |
| **Total Expense** | **486.72** | **299.01** |

The amount recognised in the statement of other comprehensive income are as follows: **(In ₹ Million)**

| | For the year ended | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Net actuarial loss : | | |
| Due to changes in financial assumptions | (70.03) | 50.06 |
| Due to Experience assumptions | (107.71) | 26.84 |
| Return on Plan Assets | (20.17) | 7.74 |
| **Total (Income)/ Expense** | **(197.91)** | **84.64** |

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

**(In ₹ Million)**

| | For the year ended | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Opening fair value of plan assets | 1,543.32 | 1,331.69 |
| Expected return on plan assets | 111.43 | 99.74 |
| Return on Plan Assets | 20.17 | (7.74) |
| Contribution by employer | 278.24 | 271.85 |
| Benefits paid | (218.26) | (152.22) |
| Acquisitions* | 31.09 | - |
| **Closing fair value of plan assets** | **1,765.99** | **1,543.32** |
| **Actual return on plan assets** | **162.69** | **92.00** |

*An amount of INR 31.09 Million has been shown as a transfer-in in liability and asset towards acquisition of an entity during the year.

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

**(In ₹ Million)**

| | For the year ended | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Opening defined benefit obligation | 1,601.81 | 1,278.38 |
| Current service cost | 485.08 | 305.21 |
| Interest cost | 113.07 | 93.54 |
| Benefits paid | (218.26) | (152.22) |
| Acquisitions (refer note above) | 31.09 | - |
| Actuarial losses on obligation | (177.74) | 76.90 |
| **Closing defined benefit obligation** | **1,835.05** | **1,601.81** |

**Net Defined Benefit Asset / (Liability)**

**(In ₹ Million)**

| | As at | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Fair value of plan assets | 1,765.99 | 1,543.32 |
| (Less) : Defined benefit obligations | (1,835.05) | (1,601.81) |
| **Net Defined Benefit Asset / (Liability)*** | **(69.06)** | **(58.49)** |

*This has been classified as non-current in the balancesheet

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

| | As at | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Investments with insurer including accrued interest | 100% | 100% |

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

| | As at | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Discount rate | 6.82% | 7.22% |
| Mortality | IALM (2012-14) Ult. | IALM (2012-14) Ult. |
| Attrition rate | PS: 0 to 1 : 17%<br>PS: 1 to 3 : 15%<br>PS: 3 to 4 : 10%<br>PS: 4 to 5 : 5%<br>PS: 5 to 7 : 6%<br>PS: 7 to 10 : 4%<br>PS:10 to 50 : 2% | PS: 0 to 1 : 17%<br>PS: 1 to 3 : 15%<br>PS: 3 to 4 : 10%<br>PS: 4 to 5 : 5%<br>PS: 5 to 7 : 6%<br>PS: 7 to 10 : 4%<br>PS:10 to 50 : 2% |
| Increment rate | 5.00% | 6.00% |
| Weighted average duration of the defined benefit obligation (Years) | 13.74 | 13.53 |

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

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

Every percentage point increase / decrease in discount rate will change the gratuity benefit obligation to approximately ₹ 1,638.21 million / ₹ 2,069.91 million (previous year: ₹ 1,427.69 million / ₹ 1,809.91 million) respectively.

Every percentage point increase / decrease in rate of increase in compensation levels will change the gratuity benefit obligation to approximately ₹ 1,999.38 million / ₹ 1,696.70 million (previous year: ₹ 1,740.00 million / ₹ 1,485.70 million) respectively.

Sensitivity analysis for each significant actuarial assumptions namely Discount rate and Salary assumptions have been shown in the table above at the end of the reporting period, showing how the defined benefit obligation would have been affected by the changes .

The Mortality and Attrition does not have a significant impact on the Liability , hence are not considered a significant actuarial assumption for the purpose of Sensitivity analysis.

The assumptions used in preparing the sensitivity analysis is
Discount rate at +1% and – 1%
Salary assumption at +1 % and -1%

The method used to calculate the liability in these scenarios is by keeping all the other parameters and the data same as in the base liability calculation except the parameters to be stressed.

There is no change in the method from the previous period and the points /percentage by which the assumptions are stressed are same to that in the previous year.

Amounts for the current and previous year are as follows:

**(In ₹ Million)**

| | As at | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Plan assets | 1,765.99 | 1,543.32 |
| Defined benefit obligation | (1,835.05) | (1,601.81) |
| Surplus | (69.06) | (58.49) |
| Experience adjustments on plan liabilities - loss/ (gain) | (107.71) | 26.84 |

Maturity Profile of defined benefit obligations:

**(In ₹ Million)**

| | As at | |
|---|---|---|
| | **March 31, 2025** | **March 31, 2024** |
| Within 1 year | 71.89 | 71.41 |
| 1-2 years | 80.37 | 67.76 |
| 2-3 years | 130.65 | 74.01 |
| 3-4 years | 107.15 | 118.18 |
| 4-5 years | 113.46 | 94.28 |
| 5-10 years | 601.45 | 520.64 |
| Above 10 years | 3,771.17 | 3,631.05 |

Expected contributions to the gratuity plan for the next annual reporting period are ₹ 71.89 million.

**Risk Characteristics of the Defined Benefit Plan**

**Investment risk**
For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

**Market Risk (Interest Rate)**
Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

**Longevity Risk**
The impact of longevity risk will depend on whether the benefits are paid before retirement age or after. Typically for the benefits paid on or before the retirement age, the longevity risk is not very material.

**b) Defined contribution plan - Superannuation Fund**
The Company contributed ₹ 89.39 million and ₹ 89.42 million to superannuation fund during the years ended March 31, 2025 and March 31, 2024 respectively and the same is recognised in the Statement of profit and loss under the head employee benefit expenses.

**c) Defined contribution plan - Provident Fund**
The Company has certain defined contribution plans. Contributions are made to provident fund for employees @ 12% of Basic salary as per regulation. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan (provident fund) is ₹ 1,418.48 million (Previous year ₹ 1,383.67 million).

## 30. Income taxes

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

| | For the year ended | |
|---|---|---|
| | March 31, 2025 | March 31, 2024 |
| | In ₹ Million | In ₹ Million |
| Profit before tax | 15,730.86 | 13,165.29 |
| Enacted tax rate in India | 25.17% | 25.17% |
| Computed tax expense at enacted tax rate | 3,959.14 | 3,313.44 |
| Effect of exempt income | (41.97) | (125.84) |
| Effect of non-deductible expenses | 241.61 | 47.59 |
| Effect of concessions (R&D allowance) | - | 57.95 |
| Tax charge in respect of earlier years | - | - |
| Effect of different tax rates for different heads of income | (7.87) | 1.87 |
| Others | 28.54 | 13.63 |
| **Income tax expense** | **4,179.45** | **3,308.64** |

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**31. (a) Financial assets and liabilities**

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

| Financial assets/ Financial liabilities | March 31, 2025 | | | | March 31, 2024 | | | | Fair value hierarchy* |
|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised Cost | Cost | FVTPL | FVTOCI | Amortised Cost | Cost | |
| **Financial Assets:** | | | | | | | | | |
| Investments in subsidiaries | - | - | - | 9,035.34 | - | - | - | 8,901.53 | |
| Investments in other equity instruments | 6.00 | - | - | - | 6.00 | - | - | - | Level 3 |
| Investments in bonds # | - | - | 2,995.57 | - | - | - | 2,995.61 | - | |
| Investments in mutual funds | 6,158.97 | - | - | - | 4,801.50 | - | - | - | Level 2 |
| Loans | - | - | 3,694.86 | - | - | - | 2,760.00 | - | |
| Deposit with banks and financial institutions (including interest accrued but not due on deposits with banks) | - | - | 3,155.52 | - | - | - | 3,351.98 | - | |
| Cash and cash equivalents (including unpaid dividend) | - | - | 3,638.23 | - | - | - | 3,261.75 | - | |
| Trade receivables (net) | - | - | 16,917.21 | - | - | - | 17,090.40 | - | |
| Forward contracts receivable | - | - | - | - | - | 42.54 | - | - | Level 2 |
| Unbilled revenue | - | - | 9,744.02 | - | - | - | 4,190.71 | - | |
| Other non current financial assets | - | - | 660.88 | - | - | - | 503.04 | - | |
| Other current financial assets | - | - | 6,468.78 | - | - | - | 127.64 | - | |
| **Total Financial Assets** | **6,164.97** | **-** | **47,275.07** | **9,035.34** | **4,807.50** | **42.54** | **34,281.13** | **8,901.53** | |
| **Financial Liabilities:** | | | | | | | | | |
| Borrowings (including accrued interest) | - | - | - | - | - | - | 1.87 | - | |
| Trade payables | - | - | 10,192.61 | - | - | - | 2,687.81 | - | |
| Lease liabilities | - | - | 2,322.46 | - | - | - | 1,503.97 | - | |
| Forward contracts payable | - | 36.82 | - | - | - | - | - | - | Level 2 |
| Payable to selling shareholders | - | - | - | 283.71 | - | - | - | - | |
| Liability towards contingent consideration | 228.11 | - | - | - | - | - | - | - | Level 3 |
| Other financial liabilities (excluding borrowings) | - | - | 1,145.45 | - | - | - | 292.11 | - | |
| **Total Financial Liabilities** | **228.11** | **36.82** | **13,660.52** | **283.71** | **-** | **-** | **4,485.76** | **-** | |

***Fair value hierarchy:**

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

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

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

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

**Fair Value of Financial Instruments**

Financial Instruments at FVTPL & FVTOCI

The financial instruments being carried at FVTPL and FVTOCI is at their respective fair value.

Financial Instruments at Amortised Cost

The Management assessed that fair value of Trade receivables, Unbilled revenue, Other financial assets, Borrowings, Lease liabilities, Trade payables and Other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

# The fair value of Investment in Bonds is as per the table below:

| Particulars | March 31, 2025 | | March 31, 2024 | |
|---|---|---|---|---|
| | Carried Value | Fair Value | Carried Value | Fair Value |
| Bonds carried at amortised cost | 2916.91 | 2703.72 | 2916.91 | 2758.25 |
| Add: Interest accrued on bonds | 78.66 | - | 78.70 | - |
| **Total investments carried at amortised cost** | **2,995.57** | **2,703.72** | **2,995.61** | **2,758.25** |

The following methods and assumptions were used to estimate the fair values:

i) The fair value of the quoted bonds and mutual funds are based on price quotations at reporting date.

ii) Mark to market on forward covers and embedded derivative instruments is based on forward exchange rates at the end of reporting period and discounted using G-sec rate plus applicable spread.

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

iv) The fair value of contingent consideration related to the acquisition of subsidiaries/ business unit is estimated using a present value technique. The ₹ 228.11 Million fair value is estimated by probability-weighting the estimated future cash outflows adjusting for risk and discounting at incremental borrowing rate for unsecured liabilities at the reporting date. The probability-weighted cash outflows before discounting are ₹ 292.40 Million and reflect management's estimate of a 90% probability that the contract's target level will be achieved. The effects on the fair value of risk and uncertainty in the future cash flows are dealt with by adjusting the estimated cash flows rather than adjusting the discount rate.

**Level 3 fair value measurements**

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

| | **Investments in other equity instruments** | **Liability towards contingent consideration** | **Payable to selling shareholders** |
|---|---|---|---|
| **Balance at April 1, 2023** | 6.00 | - | - |
| Change in fair value of investment | - | - | - |
| Disposed during the year | - | - | - |
| **Balance at March 31, 2024** | **6.00** | **-** | **-** |
| | | | |
| **Balance at April 1, 2024** | 6.00 | - | - |
| Acquired during the year | - | 228.11 | 283.71 |
| Disposed during the year | - | - | - |
| **Balance at 31 March 2025** | **6.00** | **228.11** | **283.71** |

Total amount included in profit and loss account for unrealised gains/ losses on Level 3 instruments.

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**Financial risk management**

**Financial risk factors and risk management objectives**

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

**Market risk**

**Foreign currency risk**

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

The following table analyses unhedged foreign currency risk from financial instruments as of March 31, 2025.

**(In ₹ Million)**

| | USD | EUR | GBP | Other currencies | Total |
|---|---|---|---|---|---|
| Trade receivables | 17,184.60 | 577.88 | 783.28 | 418.05 | 18,963.81 |
| Cash and cash equivalents and bank balances | 2,297.61 | 108.39 | 128.97 | 163.62 | 2,698.60 |
| Investments | 5,999.99 | 2,831.17 | - | 136.89 | 8,968.05 |
| Other financial assets (including loans and interest accrued) | 12,322.05 | 1.85 | 381.60 | 5.27 | 12,710.77 |
| Trade and other payables | 5,217.09 | 245.02 | 253.35 | 600.46 | 6,315.92 |
| Other financial liabilities | - | - | 128.26 | - | 128.26 |

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

**(In ₹ Million)**

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

**Foreign currency sensitivity analysis**

For the year ended March 31, 2025 and March 31, 2024 every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies on foreign currency exposure would affect the Company's profit before tax margin (PBT) by approximately 0.21 % and 0.31 % respectively.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

**Derivative financial instruments**

The Company holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Company has designated foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions.

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

| | As at March 31, 2025 | | | As at March 31, 2024 | | |
|---|---|---|---|---|---|---|
| | Foreign currency (Million) | Average rate ₹ | ₹ (Million) | Foreign currency (Million) | Average rate ₹ | ₹ (Million) |
| **Derivatives designated as cash flow hedges** | | | | | | |
| **Forward contracts** | | | | | | |
| USD | 300.00 | 86.33 | 25,899.71 | 260.00 | 84.16 | 21,881.33 |

The foreign exchange forward contracts mature within a maximum period of twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

| | As at March 31, 2025 | | | As at March 31, 2024 | | |
|---|---|---|---|---|---|---|
| | Foreign currency (Million) | Average rate ₹ | ₹ (Million) | Foreign currency (Million) | Average rate ₹ | ₹ (Million) |
| Not later than 3 months | 75.00 | 84.95 | 6,371.25 | 64.00 | 83.72 | 5,357.97 |
| Later than 3 months and not later than 6 months | 76.00 | 85.50 | 6,498.00 | 70.00 | 84.03 | 5,882.04 |
| Later than 6 months and not later than 9 months | 75.00 | 86.38 | 6,478.50 | 63.00 | 84.55 | 5,326.58 |
| Later than 9 months and not later than 12 months | 74.00 | 88.54 | 6,551.96 | 63.00 | 84.36 | 5,314.74 |
| **Total** | **300.00** | | **25,899.71** | **260.00** | | **21,881.33** |

**Price Risk**

The company exposure to price risk arises for investment in mutual funds held by the company. To manage its price risk arising from investments in mutual funds, the Company diversified its portfolio.

Sensitivity: The sensitivity of profit or loss to change in Net assets value (NAV) as at year end for investment in mutual funds: **(In ₹ Million)**

| **Particulars** | **As at March 31, 2025** | **As at March 31, 2024** |
|---|---|---|
| NAV increase by 5% | 307.95 | 240.08 |
| NAV decrease by 5% | (307.95) | (240.08) |

### Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 17,030.88 million and ₹ 17,090.40 million as at March 31, 2025 and March 31, 2024, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed by the Company by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables. The policy takes into account available external and internal credit risk factors and the Company's historical experience for customers.

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

| | As at | |
|---|---|---|
| | March 31, 2025 | March 31, 2024 |
| Receivables overdue for more than 90 days (₹ million)* | 3,176.47 | 1,094.92 |
| Total receivables (gross) (₹ million) | 16,917.21 | 17,090.40 |
| Overdue for more than 90 days as a % of total receivables | 18.8% | 6.4% |

* Out of this amount, ₹ 215.72 million (March 31, 2024: ₹ 63.58 million) have been provided for.

**Ageing of trade receivables**

(In ₹ Million)

| | As at | |
|---|---|---|
| | March 31, 2025 | March 31, 2024 |
| Within the credit period | 4,049.84 | 7,672.09 |
| 1 to 30 days past due | 4,443.45 | 1,413.83 |
| 31 to 60 days past due | 4,309.44 | 2,478.28 |
| 61 to 90 days past due | 1,153.73 | 4,494.86 |
| 91 to 120 days past due | 1,339.77 | 209.61 |
| 121 and above past due | 1,836.70 | 885.31 |
| Less: Expected credit loss | (215.72) | (63.58) |
| **Net trade receivables** | **16,917.21** | **17,090.40** |

**Movement in expected credit loss allowance**

(In ₹ Million)

| | As at | |
|---|---|---|
| | March 31, 2025 | March 31, 2024 |
| Opening balance | 63.58 | 78.79 |
| Movement in expected credit loss allowance | 141.60 | (15.95) |
| Translation differences | 10.54 | 0.74 |
| **Closing balance** | **215.72** | **63.58** |

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

### Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The investment of surplus funds is governed by the Company's investment policy approved by the Board of Directors. The Company believes that the working capital is sufficient to meet its current fund requirements. Accordingly, no liquidity risk is perceived.
As at March 31, 2025, the Company had a working capital of ₹ 31,733.58 million including cash and cash equivalents and current fixed deposits (excluding interest accrued) of ₹ 6,623.84 million and current investments of ₹ 3,335.01 million.
As at March 31, 2024, the Company had a working capital of ₹ 23,752.07 million including cash and cash equivalents and current fixed deposits (excluding interest accrued) of ₹ 6,398.30 million and current investments of ₹ 2,623.06

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

(In ₹ Million)

| | As at | | | |
|---|---|---|---|---|
| | March 31, 2025 | | March 31, 2024 | |
| | Less than 1 year | More than 1 year | Less than 1 year | More than 1 year |
| Borrowings (including accrued interest) | - | - | 1.87 | - |
| Trade payables | 10,192.61 | - | 2,687.81 | - |
| Lease liabilities | 834.49 | 1,487.97 | 560.87 | 943.10 |
| Other financial liabilities (excluding borrowings) | 1,221.55 | 188.83 | 292.11 | - |

### Capital management risk

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

**Gearing Ratio**

In ₹ Million

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Borrowings | - | 1.87 |
| Other financial liabilities | 1,410.38 | 292.11 |
| **Total Debt:** | **1,410.38** | **293.98** |
| Less : Cash and cash equivalents and other current bank balances | 6,744.76 | 6,499.32 |
| **Net Debt #** | **(5,334.38)** | **(6,205.34)** |
| Total equity | 59,740.08 | 47,786.51 |
| **Total Capital** | **59,740.08** | **47,786.51** |
| **Gearing Ratio (in %)** | **-8.93%** | **-12.99%** |

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

### 31. (b) Derivative instruments and un-hedged foreign currency exposures

**(i) Forward contracts outstanding at the end of the year:**

(In ₹ Million)

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Forward contracts to sell USD: Hedging of expected receivables of USD 300 Million (Previous year USD 260 Million) | 25,899.71 | 21,881.33 |

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

| | As at March 31, 2025 | | | As at March 31, 2024 | | |
|---|---|---|---|---|---|---|
| | In ₹ Million | Foreign currency (In Million) | Conversion rate (₹) | In ₹ Million | Foreign currency (In Million) | Conversion rate (₹) |
| Bank balances | 22.80 | JPY 39.81 | 0.57 | 23.48 | JPY 42.62 | 0.55 |
| | 2,297.61 | USD 26.88 | 85.47 | 1617.22 | USD 19.39 | 83.40 |
| | 128.97 | GBP 1.17 | 110.63 | 94.62 | GBP 0.9 | 105.27 |
| | 94.01 | CAD 1.58 | 59.56 | 80.31 | CAD 1.31 | 61.38 |
| | 108.39 | EUR 1.17 | 92.46 | 13.77 | EUR 0.15 | 90.01 |
| | 37.44 | AUD 0.7 | 53.43 | 1.46 | AUD 0.03 | 54.17 |
| | 9.38 | ZAR 2.02 | 4.64 | 9.59 | ZAR 2.19 | 4.37 |
| Investments | 5,999.99 | USD 70.20 | 85.47 | 5,854.68 | USD 70.20 | 83.40 |
| | 31.85 | SGD 0.50 | 63.69 | 30.88 | SGD 0.50 | 61.75 |
| | 2,831.17 | EUR 30.62 | 92.46 | 2,756.22 | EUR 30.62 | 90.01 |
| | 105.04 | MYR 5.45 | 19.27 | 96.06 | MYR 5.45 | 17.63 |
| Trade and other payables | 12.74 | SGD 0.2 | 63.69 | 10.50 | SGD 0.17 | 61.75 |
| | 5,217.09 | USD 61.04 | 85.47 | 653.86 | USD 7.84 | 83.40 |
| | 253.35 | GBP 2.29 | 110.63 | 88.42 | GBP 0.84 | 105.27 |
| | 87.13 | CAD 1.463 | 59.56 | 30.69 | CAD 0.5 | 61.38 |
| | 245.02 | EUR 2.65 | 92.46 | 119.72 | EUR 1.33 | 90.01 |
| | 141.58 | AUD 2.65 | 53.43 | 143.00 | AUD 2.64 | 54.17 |
| | 8.73 | CHF 0.09 | 97.00 | 1.84 | CHF 0.02 | 92.11 |
| | 80.08 | MXN 19.15 | 4.18 | 59.44 | MXN 11.82 | 5.03 |
| | 135.11 | MYR 7.01 | 19.27 | 45.48 | MYR 2.58 | 17.63 |
| | 57.18 | LKR 197.65 | 0.29 | 12.38 | LKR 44.47 | 0.28 |
| | 31.33 | CRC 182.9 | 0.17 | 1.67 | CRC 10.01 | 0.17 |
| | 32.80 | PLN 1.48 | 22.16 | 13.53 | PLN 0.65 | 20.82 |
| | 13.78 | RON 0.74 | 18.62 | 23.69 | RON 1.31 | 18.08 |
| | - | JPY 0 | - | 1.00 | JPY 1.81 | 0.55 |
| | - | ZAR 0 | - | 0.04 | ZAR 0.01 | 4.37 |
| | 1.62 | ILS 0.07 | 23.12 | - | - | - |
| Advances given and deposits placed | 6,156.40 | USD 72.03 | 85.47 | 102.58 | USD 1.23 | 83.40 |
| | 253.35 | GBP 2.29 | 110.63 | 31.58 | GBP 0.3 | 105.27 |
| | 1.85 | EUR 0.02 | 92.46 | 1.80 | EUR 0.02 | 90.01 |
| | 0.19 | MYR 0.01 | 19.27 | 0.18 | MYR 0.01 | 17.63 |
| | 1.09 | CAD 0.0183 | 59.56 | 0.03 | CAD 0.0005 | 61.38 |
| | - | - | 97.00 | 0.18 | CHF 0.002 | 92.11 |
| | 0.53 | - | 53.43 | 1.08 | AUD 0.02 | 54.17 |
| | - | - | 0.29 | 0.30 | LKR 1.08 | 0.28 |
| | - | - | 63.69 | 0.62 | SGD 0.01 | 61.75 |
| | 1.28 | CRC 7.47 | 0.17 | 1.25 | CRC 7.49 | 0.17 |
| | 2.17 | MXN 0.52 | 4.18 | 1.66 | MXN 0.33 | 5.03 |
| Other payables | - | - | - | 2027.454 | USD 24.31 | 83.4 |
| | - | - | - | 668.80 | EUR 7.43 | 90.01 |
| Other receivables | 6,165.64 | USD 72.14 | 85.47 | - | - | - |
| | 128.26 | GBP 1.16 | 110.63 | - | - | - |
| Trade receivables | 17,184.60 | USD 201.06 | 85.47 | 11,771.08 | USD 141.14 | 83.4 |
| | 577.88 | EUR 6.25 | 92.46 | 634.33 | EUR 7.05 | 90.0136 |
| | 783.28 | GBP 7.08 | 110.63 | 1,071.51 | GBP 10.18 | 105.27 |
| | 242.03 | AUD 4.53 | 53.43 | 165.99 | AUD 3.06 | 54.17 |
| | 10.19 | SGD 0.16 | 63.69 | 15.71 | SGD 0.25 | 61.75 |
| | 12.90 | ZAR 2.78 | 4.64 | 12.38 | ZAR 2.83 | 4.37 |
| | 84.57 | CAD 1.42 | 59.56 | 2.81 | CAD 0.05 | 61.38 |
| | 61.11 | CHF 0.63 | 97.00 | 0.88 | CHF 0.01 | 92.11 |
| | 0.12 | JPY 0.21 | 0.57 | 4.06 | JPY 7.36 | 0.55 |
| | 7.13 | MYR 0.37 | 19.27 | 5.87 | MYR 0.33 | 17.63 |

### 32. Leases

The Company has lease contracts for various items of computers, buildings and other assets being used in its operations. Lease terms generally ranges between 4 to 5 years.
The Company has certain lease contracts that includes extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Management have not considered any future cash outflow for which they are potentially exposed arising due to extension and termination options.

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

| | As at March 31, 2025 In ₹ Million | As at March 31, 2024 In ₹ Million |
|---|---|---|
| - Less than one year | 834.49 | 560.87 |
| - One to five years | 1,483.59 | 943.10 |

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

Rental expense recorded for short-term leases was ₹ 60.23 million for the year ended March 31, 2025 (Previous year ₹ 98.74 million).

The company has adopted Ind AS 116, Leases; and has recognized notional interest on lease liability of ₹ 218.69 million under finance costs for year ended March 31, 2025 (Previous year ₹ 147.50 Million).

The aggregate depreciation on ROU assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss. (Refer note 4.7)

*(This space is intentionally left blank)*

**33. Related party disclosures**

**(i) Names of related parties and related party relationship**

| **Related parties where control exists** | |
|---|---|
| Subsidiaries | Persistent Systems, Inc., USA<br>(Wholly owned subsidiary) |
| (Refer note 3 of consolidated financial statement for list of subsidiaries and ownership %) | Persistent Systems Pte Ltd., Singapore<br>(Wholly owned subsidiary) |
| | Persistent Systems France SAS, France<br>(Wholly owned subsidiary) |
| | Persistent Systems Malaysia Sdn. Bhd., Malaysia<br>(Wholly owned subsidiary) |
| | Persistent Systems Germany GmbH., Germany (PSG)<br>(Wholly owned subsidiary) |
| | CAPIOT Software Private Limited, India<br>(Wholly owned subsidiary) |
| | MediaAgility India Private Limited, India<br>(Wholly owned subsidiary) |
| | Persistent Systems UK Limited, UK (Formerly known as Aepona Limited)<br>(Wholly owned subsidiary w.e.f March 19, 2024) |
| | Persistent Telecom Solutions Inc., USA<br>(Wholly owned subsidiary of Persistent Systems, Inc.) |
| | CAPIOT Software Inc., USA (Dissolved w.e.f. December 29, 2023)<br>(Wholly owned subsidiary of Persistent Systems, Inc.) |
| | Persistent Systems S.R.L, Italy (Dissolved w.e.f February 26, 2024)<br>(Wholly owned subsidiary of Persistent Systems, Inc.) |
| | Aepona Group Limited, Ireland<br>(Wholly owned subsidiary of Persistent Systems, Inc.) |
| | Persistent Systems Mexico, S.A. de C.V., Mexico<br>(Wholly owned subsidiary of Persistent Systems Inc.) |
| | Persistent Systems Israel Ltd., Israel<br>(Wholly owned subsidiary of Persistent Systems Inc.) |
| | Software Corporation International LLC., USA (Dissolved w.e.f. June 27, 2024)<br>(Wholly owned subsidiary of Persistent Systems Inc.) |
| | Fusion 360 LLC., USA (Dissolved w.e.f. May 31, 2023)<br>(Wholly owned subsidiary of Persistent Systems Inc.) |
| | MediaAgility Inc., USA<br>(Wholly owned subsidiary of Persistent Systems Inc.) |
| | MediaAgility UK Limited, UK<br>(Wholly owned subsidiary of MediaAgility Inc.) |
| | Digitalagility S de RL de CV, Mexico<br>(Wholly owned subsidiary of MediaAgility Inc.) |
| | MediaAgility Pte Ltd, Singapore<br>(Wholly owned subsidiary of MediaAgility Inc.) |
| | Persistent Systems Poland Sp. z.o.o., Poland (w.e.f April 5, 2023)<br>(Wholly owned subsidiary of Persistent Systems Inc.) |
| | Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)<br>(Wholly owned subsidiary of Persistent Systems Inc.) |
| | Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)<br>(Wholly owned subsidiary of Persistent Systems Germany GmbH) |
| | Youperience GmbH, Germany (Merged into PSG w.e.f August 21, 2023)<br>(Wholly owned subsidiary of Persistent Systems Germany GmbH) |
| | Persistent Systems Costa Rica Limitada (Formerly known as Data Glove IT Solutions Limitada, Costa Rica)<br>(Wholly owned subsidiary of Persistent Systems Germany GmbH) |
| | Persistent Systems S.R.L. Romania<br>(Wholly owned subsidiary of Persistent Systems Germany GmbH) |
| | CAPIOT Software Pte Limited, Singapore (Dissolved w.e.f April 6, 2023)<br>(Wholly owned subsidiary of CAPIOT Software Inc.) |
| | Persistent Systems Lanka (Private) Limited, Sri Lanka<br>(Wholly owned subsidiary of Aepona Group Limited) |
| | PARX Consulting GmbH, Germany (Merged into PSG w.e.f August 21, 2023)<br>(Wholly owned subsidiary of Persistent Systems Switzerland AG) |
| | Youperience Limited, UK (Dissolved w.e.f June 27, 2023)<br>(Wholly owned subsidiary of Youperience GmbH) |
| | Starfish Associates LLC, USA (w.e.f August 1, 2024)<br>(Wholly owned subsidiary of Persistent Systems Inc.) |
| | Arrka Infosec Private Limited (w.e.f. October 28, 2024)<br>(Wholly Owned Subsidiary) |
| | Persistent India Foundation (w.e.f. May 1, 2024)<br>(Wholly Owned Subsidiary) |

**33. Related party disclosures**

| **Related parties with whom transactions have taken place** | |
|---|---|
| Key management personnel | Dr. Anand Deshpande, Chairman and Managing Director<br>Mr Sandeep Kalra, Executive Director and Chief Executive Officer<br>Mr. Sunil Sapre, Executive Director (Retired w.e.f. December 31, 2024) and Chief Financial Officer (Retired w.e.f. May 15, 2024)<br>Mr. Vinit Teredesai, Executive Director and Chief Financial Officer (appointed on May 15, 2024)<br>Mr. Amit Atre, Company Secretary<br>Ms. Roshini Bakshi, Independent Director (Retired w.e.f. July 16, 2024)<br>Ms. Anjali Joshi, Independent Director (w.e.f. June 12, 2024)<br>Dr. Deepak Phatak, Independent Director (Retired w.e.f. April 2, 2023)<br>Ms. Avani Davda, Independent Director<br>Mr. Praveen Kadle, Independent Director<br>Mr. Arvind Goel, Independent Director<br>Mr. Ambuj Goyal,Independent Director<br>Mr. Dan'l Lewin , Independent Director<br>Dr. Ajit Ranade, Independent Director |
| Relatives of Key management personnel | Mr. Suresh Deshpande<br>(Father of the Chairman and Managing Director)<br>Mrs. Sulabha Deshpande<br>(Mother of the Chairman and Managing Director)<br>Mrs. Sonali Anand Deshpande<br>(Wife of the Chairman and Managing Director)<br>Dr. Mukund Deshpande<br>(Brother of the Chairman and Managing Director)<br>Mrs. Chitra Buzruk<br>(Sister of the Chairman and Managing Director)<br>Mr. Arul Deshpande<br>(Son of the Chairman and Managing Director)<br>Dr. Asha Sapre (upto December 31, 2024)<br>(Wife of Executive Director)<br>Mr. Hemant Bakshi<br>(Husband of Independent Director)<br>Ms. Alpana Ajit Ranade<br>(Wife of Independent Director) |
| Members of Promoter Group | Rama Purushottam Foundation |
| Entities over which a key management personnel has significant influence | Persistent Foundation (upto April 30, 2024)<br>Persistent Systems Foundation Inc. |
| Controlled Trust | PSPL ESOP Management Trust |

*(This space is intentionally left blank)*

(ii) Related party transactions

(In ₹ Million)

| | Name of the related party and nature of relationship | For the year ended | |
|---|---|---|---|
| | | March 31, 2025 | March 31, 2024 |
| **Sale of software services** | **Subsidiaries** | | |
| | Persistent Systems, Inc. | 2,522.95 | 22,733.96 |
| | Persistent Systems Malaysia Sdn. Bhd. | 34.17 | 65.14 |
| | Persistent Systems Pte Ltd | 15.72 | 24.15 |
| | Persistent Systems France SAS | 12.08 | 14.66 |
| | Persistent Telecom Solutions Inc. | 73.16 | 92.60 |
| | Persistent Systems Germany GmbH | 105.25 | 210.79 |
| | Persistent Systems UK Ltd. (Formerly known as Aepona Ltd) | 1,920.80 | 162.89 |
| | Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) | 72.73 | - |
| | Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd) | 477.37 | 213.34 |
| | MediaAgility India Private Limited | 97.50 | 219.92 |
| | MediaAgility Inc. | 200.20 | 235.61 |
| | MediaAgility UK Limited | - | 22.11 |
| | MediaAgility Pte Ltd | 0.48 | - |
| | Arrka Infosec Private Limited | 13.87 | - |
| | Starfish Associates, LLC | 106.97 | - |
| | **Total** | **5,653.25** | **23,995.17** |
| **Investment in wholly owned subsidiary** | **Subsidiaries** | | |
| | Persistent Systems UK Ltd. (Formerly known as Aepona Ltd) | - | 782.01 |
| | Persistent India Foundation | 0.50 | - |
| | Arrka Infosec Private Limited | 133.31 | - |
| | **Total** | **133.81** | **782.01** |
| **Dividend Income** | **Subsidiaries** | | |
| | MediaAgility India Private Limited | - | 249.99 |
| | **Total** | **-** | **249.99** |
| **Cost of professionals** | **Subsidiaries** | | |
| | Persistent Systems, Inc. | 17,713.67 | 3,980.82 |
| | Persistent Systems France SAS | 17.88 | 30.54 |
| | Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd) | 147.09 | 127.88 |
| | Persistent Systems Malaysia Sdn. Bhd. | 264.81 | 123.46 |
| | Persistent Telecom Solutions Inc. | 74.19 | 73.91 |
| | Persistent Systems UK Ltd. (Formerly known as Aepona Ltd) | 706.60 | - |
| | Persistent Systems Lanka (Private) Limited | 99.55 | 81.00 |
| | Persistent Systems Mexico, S.A. de C.V. | 556.23 | 68.93 |
| | Persistent Systems Germany GmbH | 90.01 | 25.84 |
| | PARX Consulting GmbH | - | 1.61 |
| | Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) | 48.69 | 7.25 |
| | Persistent Systems Pte Ltd | 30.26 | 16.54 |
| | Youperience GmbH | - | 2.19 |
| | Persistent Systems S.R.L. Romania | 141.52 | 78.31 |
| | Persistent Systems Poland Sp. z.o.o. | 247.17 | 256.27 |
| | Persistent Systems Costa Rica Limitada (Formerly known as Data Glove IT Solutions Limitada) | 107.90 | 5.05 |
| | Starfish Associates, LLC | 12.95 | 5.05 |
| | Aepona Group Limited | 115.70 | - |
| | Persistent Systems Israel Ltd. | 1.70 | - |
| | MediaAgility UK LTD | 0.04 | - |
| | **Total** | **20,375.96** | **4,884.65** |
| **Profit on sale of investments (net)** | **Subsidiary** | | |
| | Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd) | - | 36.45 |
| | Persistent Systems UK Ltd. (Formerly known as Aepona Ltd) | 336.02 | - |
| | **Total** | **336.02** | **36.45** |
| **Selling and marketing expenses** | **Subsidiaries** | | |
| | Persistent Systems, Inc. | 7,211.79 | 1,723.75 |
| | Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd) | 16.55 | 6.31 |
| | Persistent Systems UK Ltd. (Formerly known as Aepona Ltd) | 205.17 | |
| | Persistent Systems Germany GmbH | 116.87 | - |
| | **Total** | **7,550.38** | **1,730.06** |
| **Commission received on corporate guarantee** | **Subsidiary** | | |
| | Persistent Systems, Inc. | 3.11 | 6.33 |
| | **Total** | **3.11** | **6.33** |

**(ii) Related party transactions**

(In ₹ Million)

| | Name of the related party and nature of relationship | For the year ended | |
|---|---|---|---|
| | | March 31, 2025 | March 31, 2024 |
| **Remuneration #** | **Key Management Personnel** | | |
| **(Salaries, bonus and contribution to PF)** | Dr. Anand Deshpande | 39.78 | 37.68 |
| | Mr. Sunil Sapre (including fair value of perquisites for stock options exercised ₹ NIL during the year (Previous year: ₹ 143.52 million) | 20.18 | 163.98 |
| | Mr Vinit Teredesai | 23.74 | - |
| | Mr. Amit Atre (including fair value of perquisites for stock options exercised ₹ 19.44 million during the year (Previous year: ₹ 11.52 million) | 25.94 | 17.00 |
| | Mr Sandeep Kalra* | 3.15 | 3.16 |
| | **Independent directors:** | | |
| | Ms. Roshini Bakshi | 2.15 | 6.48 |
| | Mr. Praveen Kadle | 6.70 | 6.65 |
| | Dr. Deepak Phatak | 0.03 | - |
| | Ms. Avani Davda | 6.55 | 6.58 |
| | Mr. Arvind Goel | 6.15 | 6.15 |
| | Dr. Ambuj Goyal | 6.30 | 6.08 |
| | Mr. Dan'l Lewin | 5.90 | 5.65 |
| | Dr. Ajit Ranade | 6.45 | 4.73 |
| | Ms. Anjali Joshi | 4.64 | - |
| | **Relatives of Key Management Personnel** | | |
| | Mr. Arul Deshpande* | - | 0.02 |
| | **Total** | **157.66** | **264.17** |
| **Dividend paid** | **Key Management Personnel** | | |
| | Dr. Anand Deshpande | 1,372.41 | 1,235.11 |
| | Mr. Sunil Sapre | 1.44 | 3.67 |
| | Mr Sandeep Kalra | 3.60 | 2.69 |
| | Mr. Amit Atre | 0.19 | 0.13 |
| | **Relatives of Key Management Personnel** | | |
| | Mr. Suresh Deshpande | 0.03 | 0.03 |
| | Mrs. Chitra Buzruk | 28.16 | 25.35 |
| | Dr. Mukund Deshpande | - | 21.60 |
| | Mrs. Sonali Anand Deshpande | 6.72 | 6.05 |
| | Mrs. Sulabha Suresh Deshpande | 0.03 | 0.03 |
| | Mr. Arul Deshpande | 0.60 | 0.54 |
| | Mr. Hemant Bakshi | - | 0.27 |
| | Mr. Aditya Phatak | - | 1.53 |
| | Ms. Alpana Ajit Ranade | 0.01 | 0.01 |
| | Arvind Goel | 0.02 | - |
| | **Total** | **1,413.21** | **1,297.24** |
| **Other payments** | **Key Management Personnel** | | |
| | Sunil Sapre | 0.26 | 0.33 |
| | **Relatives of Key Management Personnel** | | |
| | Asha Sapre | 0.26 | 0.33 |
| | **Total** | **0.52** | **0.66** |
| **Loan Given** | **Controlled Trust** | | |
| | PSPL ESOP Management Trust | 3,075.71 | 1,602.97 |
| | **Total** | **3,075.71** | **1,602.97** |
| **Recovery of Loan given** | **Controlled Trust** | | |
| | PSPL ESOP Management Trust | 2,140.85 | 1,712.97 |
| | **Total** | **2,140.85** | **1,712.97** |
| **Interest received** | **Controlled Trust** | | |
| | PSPL ESOP Management Trust | 255.30 | 245.55 |
| | **Total** | **255.30** | **245.55** |
| **Employee stock compensation - Reimbursement** | **Subsidiaries** | | |
| | Persistent Systems Inc. | 2,482.46 | 508.30 |
| | **Total** | **2,482.46** | **508.30** |
| **CSR Expenditure** | **Entity over which a key management personnel has significant influence** | | |
| | Persistent Foundation | - | 175.45 |
| | **Subsidiary** | | |
| | Persistent India Foundation | 217.78 | - |
| | | **217.78** | **175.45** |

**Notes**

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

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

**Terms and conditions of transactions with related parties:**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. All other outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have guarantees and letters of comfort provided for subsidiaries. For the year ended 31 March 2025, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2024: Nil).

**(iii) Outstanding balances**

(In ₹ Million)

| | Name of the related party and nature of relationship | As at | |
|---|---|---|---|
| | | March 31, 2025 | March 31, 2024 |
| **Advances given** | **Subsidiaries** | | |
| | Persistent Systems, Inc. | - | 101.25 |
| | Persistent Systems France SAS | 0.81 | 0.80 |
| | Persistent Telecom Solutions Inc. | 0.26 | 0.64 |
| | Persistent Systems Lanka (Private) Limited | - | 0.30 |
| | Persistent Systems Malaysia Sdn. Bhd | 0.13 | 0.13 |
| | Persistent Systems México, S.A. de C.V. | 2.18 | 1.64 |
| | Persistent Systems Germany GmbH | 0.86 | 0.71 |
| | Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) | 0.20 | 0.20 |
| | Persistent Systems Pte. Ltd. | - | 0.41 |
| | Persistent Systems UK Ltd. (Formerly known as Aepona Ltd) | 137.05 | 17.28 |
| | MediaAgility India Private Limited | - | 0.01 |
| | MediaAgility UK Ltd | - | 2.56 |
| | Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd) | 0.45 | 0.30 |
| | CAPIOT Software Private Limited | 0.02 | 0.02 |
| | Persistent Systems Costa Rica Limitada (Formerly known as Data Glove IT Solutions Limitada) | 1.28 | 1.25 |
| | **Total** | **143.24** | **127.54** |
| **Other receivables** | **Subsidiaries** | | |
| | Persistent Systems UK Limited (FKA Aepona Limited) | 104.69 | - |
| | Persistent Systems, Inc. | 6,135.50 | - |
| | **Total** | **6,240.19** | **-** |
| **Trade receivables** | **Subsidiaries** | | |
| | Persistent Systems France SAS | 20.18 | 3.00 |
| | Persistent Systems, Inc. | 973.95 | 6,465.26 |
| | Persistent Telecom Solutions Inc. | 32.85 | 87.08 |
| | Persistent Systems Pte Ltd | 12.42 | 4.75 |
| | Persistent Systems Malaysia Sdn. Bhd. | - | 43.83 |
| | Persistent Systems Germany GmbH | 259.39 | 153.82 |
| | Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd) | 187.62 | 39.00 |
| | Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) | 60.51 | - |
| | Persistent Systems Lanka (Private) Limited | - | 0.02 |
| | Persistent Systems UK Ltd. (Formerly known as Aepona Ltd) | 484.25 | 64.45 |
| | MediaAgility Inc. | 68.36 | - |
| | MediaAgility UK Limited | - | 31.71 |
| | MediaAgility Pte Ltd | - | 0.23 |
| | MediaAgility India Private Limited | 44.91 | 23.18 |
| | Arrka Infosec Private Limited | 21.48 | - |
| | Starfish Associates, LLC | 68.42 | - |
| | **Total** | **2,234.34** | **6,916.33** |

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(iii) Outstanding balances

(In ₹ Million)

| | Name of the related party and nature of relationship | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|
| **Unbilled Receivable** | **Subsidiaries** | | |
| | Persistent Systems, Inc. | 20.50 | 1,396.24 |
| | Persistent Telecom Solutions Inc. | 9.47 | - |
| | Persistent Systems Malaysia Sdn. Bhd. | 10.05 | 0.97 |
| | Persistent Systems Pte Ltd | - | 6.13 |
| | Persistent Systems UK Ltd. (Formerly known as Aepona Ltd) | 514.34 | 78.32 |
| | Persistent Systems Germany GmbH | - | 46.85 |
| | Persistent Systems France SAS | - | 3.94 |
| | MediaAgility Inc. | 63.38 | 36.31 |
| | MediaAgility India Private Limited | 33.86 | 42.68 |
| | MediaAgility UK Limited | - | 1.21 |
| | Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd) | 90.43 | 91.60 |
| | Persistent Systems Switzerland AG (FKA PARX Werk AG) | 11.66 | - |
| | Starfish Associates, LLC | 37.83 | - |
| | **Total** | **791.52** | **1,704.25** |
| **Loans given** | **Controlled Trust** | | |
| | PSPL ESOP Management Trust | 3,694.86 | 2,760.00 |
| | **Total** | **3,694.86** | **2,760.00** |
| **Investments** | **Subsidiaries** | | |
| | Persistent Systems, Inc. | 4,729.74 | 4,729.74 |
| | Persistent Systems Pte Ltd | 15.50 | 15.50 |
| | Persistent Systems France SAS | 97.47 | 97.47 |
| | Persistent Systems Malaysia Sdn. Bhd. | 102.25 | 102.25 |
| | Persistent Systems Germany GmbH | 1,719.40 | 1,719.40 |
| | CAPIOT Software Private Ltd. | 483.71 | 483.71 |
| | MediaAgility India Private Limited | 971.45 | 971.45 |
| | Persistent Systems UK Ltd. (Formerly known as Aepona Ltd) | 782.01 | 782.01 |
| | Persistent India Foundation | 0.50 | - |
| | Arrka Infosec Private Limited | 133.31 | - |
| | **Total** | **9,035.34** | **8,901.53** |
| **Advance taken** | **Subsidiaries** | | |
| | Persistent Systems Pte. Ltd. | 0.32 | - |
| | MediaAgility India Private Limited | 2.21 | - |
| | Persistent Systems, Inc. | 194.71 | - |
| | Total | **197.24** | **-** |
| **Advance from customers** | **Subsidiaries** | | |
| | MediaAgility Pte Ltd | 1.28 | - |
| | Persistent Systems Costa Rica Limitada (Formerly known as Data Glove IT Solutions Limitada) | 0.43 | - |
| | Persistent Systems Malaysia Sdn. Bhd. | 10.06 | - |
| | **Total** | **11.77** | **-** |
| **Trade payables** | **Subsidiaries** | | |
| | Persistent Systems France SAS | 3.32 | 8.79 |
| | Persistent Systems S.R.L. Romania | 13.71 | 23.66 |
| | Persistent Systems, Inc. | 3,325.60 | 510.99 |
| | Persistent Systems Malaysia Sdn. Bhd. | 135.13 | 44.26 |
| | Persistent Telecom Solutions Inc. | 92.95 | 70.24 |
| | Persistent Systems Pte Ltd | 12.71 | 9.65 |
| | Persistent Systems Germany GmbH | 122.22 | 5.16 |
| | CAPIOT Software Private Limited | 0.02 | 0.02 |
| | Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd) | 130.00 | 142.31 |
| | Persistent Systems Costa Rica Limitada (Formerly known as Data Glove IT Solutions Limitada) | 31.33 | 2.77 |
| | Persistent Systems UK Ltd. (Formerly known as Aepona Ltd) | 250.45 | - |
| | Persistent Systems Poland Sp. z.o.o. | 32.90 | 13.61 |
| | Persistent Systems Lanka (Private) Limited | 57.18 | 9.74 |
| | Persistent Systems Mexico, S.A. de C.V. | 80.09 | 58.80 |
| | Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) | 7.92 | 1.51 |
| | Aepona Group Limited | 61.75 | - |
| | Persistent Systems Israel Ltd. | 1.72 | - |
| | Software Corporation LLC. | - | 0.02 |
| | Starfish Associates, LLC | 12.75 | - |
| | **Total** | **4,371.75** | **901.53** |
| **Other liabilities** | **Subsidiaries** | | |
| | Persistent Systems Pte Ltd | 4.62 | - |
| | Persistent Systems Germany GmbH | 1.71 | - |
| | Persistent Systems Australia Pty Limited | 10.51 | - |
| | **Total** | **16.84** | **-** |
| **Payable to related parties** | **Subsidiaries** | | |
| | Persistent Systems Germany GmbH | 1.63 | 1.56 |
| | Persistent Systems UK Ltd. (Formerly known as Aepona Ltd) | 159.12 | 787.35 |
| | Persistent Systems Australia Pty Limited | - | 6.94 |
| | Persistent Systems, Inc. | 277.46 | 2,027.43 |
| | **Total** | **438.21** | **2,823.28** |
| **Unearned Revenue** | **Subsidiaries** | | |
| | Arrka Infosec Private Limited | 4.57 | - |
| | Persistent Systems Germany GmbH | 6.78 | - |
| | Persistent Systems France SAS | 0.90 | - |
| | **Total** | **12.25** | **-** |

Letters of comfort of USD Nil: ₹ Nil (March 31, 2024: 2,059.15 ) to bank for loans availed by subsidiary of the Company.

*(This space is intentionally left blank)*

**34. Employees stock option plans (ESOP)**

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

**a) Details of Employee stock option plans**

The Company has framed various share-based payment schemes for its employees. The details of various equity-settled employee stock option plan ('ESOP') schemes adopted by the Board of Directors are as follows:

| ESOP scheme | No. of options granted # | Date of adoption by the Board/Members | Initial Grant date | Exercise period |
|---|---|---|---|---|
| Scheme I | 9,121,000 | 11-Dec-99 | 11-Dec-99 | * |
| Scheme II | 1,506,400 | 23-Apr-04 | 23-Apr-04 | 10 Years |
| Scheme III | 5,066,600 | 23-Apr-04 | 23-Apr-04 | * |
| Scheme IV | 13,916,500 | 23-Apr-06 | 23-Apr-06 | 10 Years |
| Scheme V | 3,781,050 | 23-Apr-06 | 23-Apr-06 | * |
| Scheme VI | 2,432,500 | 31-Oct-06 | 31-Oct-06 | 10 Years |
| Scheme VII | 3,569,950 | 30-Apr-07 | 30-Apr-07 | 10 Years |
| Scheme VIII | 84,000 | 24-Jul-07 | 24-Jul-07 | 3 Years |
| Scheme IX | 2,748,924 | 29-Jun-09 | 29-Jun-09 | 10 Years |
| Scheme X | 6,124,544 | 10-Jun-10 | 29-Oct-10 | 2-3 Years |
| Scheme XI ** | 6,391,210 | 26-Jul-14 | 03-Nov-14 | 4-5 Years |
| Scheme XII *** | 134,600 | 04-Feb-16 | 08-Apr-16 | 2.5 Months |
| Scheme XIII | 17,069,990 | 27-Jul-17 | 01-Aug-19 | 4-5 Years |
| Scheme XIV | 160,000 | 27-Jul-17 | 01-May-19 | 3 Years |

*No contractual life is defined in the scheme.

**The options under Scheme XI, which is a performance based ESOP scheme will vest after 1-4 years in proportion of credit points earned by the employees every quarter based on performance. The maximum options which can be granted under this scheme are 2,800,000.

***The options under Scheme XII, ESOP scheme would vest after 1 year. The maximum options which are granted under this scheme are 100 per employee.

**The vesting period and conditions of the above ESOP schemes is as follows:**

All the above ESOP schemes have service condition (other than Grant Category 1 of scheme XI which Is based on performance criteria), which require the employee to complete a specified period of service, as a vesting condition. The vesting pattern of various schemes has been provided below:

(i) Scheme I to V, VII, VIII, X and XIV

| Service period from the date of grant | % of Options vesting | | | |
|---|---|---|---|---|
| | Scheme I to V & X | Scheme VII | Scheme VIII | Scheme XIV |
| 12 Months | 10% | 20% | 25% | 0% |
| 24 Months | 30% | 40% | 50% | 33.33% |
| 36 Months | 60% | 60% | 75% | 66.66% |
| 48 Months | 100% | 80% | 100% | 100% |
| 60 Months | NA | 100% | NA | NA |

(ii) Scheme VI

| Service period from the date of grant | % of Options vesting |
|---|---|
| 18 Months | 30% |
| Every quarter thereafter | 5% |

(iii) Scheme IX

| Service period from the date of grant | % of Options vesting |
|---|---|
| 30– 60 Months varying from employee to employee | 100% |

(iv) Scheme XI

| Service period from the date of grant | % of Options vesting | | |
|---|---|---|---|
| | Grant (Category 1) | Grant (Category 2) | Grant (Category 3) |
| 12 Months | Based on credit points earned which varies from employee to employee | 25% | 40% |
| 24 Months | | 50% | 30% |
| 36 Months | | 75% | 30% |
| 48 Months | NA | 100% | NA |
| 60 Months | NA | NA | NA |

(v) Scheme XII:

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

(v) Scheme XIII:

| Service period from the date of grant | % of Options vesting | | |
|---|---|---|---|
| | Grant (Category 1) | Grant (Category 2) | Grant (Category 3) |
| 12 - 20 Months | 25% | 40% | 33.33% |
| 24 - 32 Months | 50% | 30% | 66.66% |
| 36 - 44 Months | 75% | 30% | 100% |
| 48 Months | 100% | NA | NA |
| 60 Months | NA | NA | NA |

**b) Details of activity of the ESOP schemes**

Movement for the year ended March 31, 2025 and March 31, 2024:

| ESOP Scheme | Particulars | Year Ended | Outstanding at the beginning of the Year | Granted during the Year | Forfeited during the Year | Exercised during the Year | Outstanding at the end of the Year | Exercisable at the end of the Year |
|---|---|---|---|---|---|---|---|---|
| Scheme III | Number of Options | 31-Mar-24 | 124,002 | - | 51,532 | 2,000 | 70,470 | 70,470 |
| | Weighted Average Price | 31-Mar-24 | 16.39 | - | 15.47 | 15.34 | 17.67 | 17.67 |
| | Number of Options | 31-Mar-25 | 70,470 | - | 70,470 | - | - | - |
| | Weighted Average Price | 31-Mar-25 | 17.67 | - | 17.67 | - | - | - |
| Scheme IV | Number of Options | 31-Mar-24 | 211,200 | - | 16,600 | 160,400 | 34,200 | 34,200 |
| | Weighted Average Price | 31-Mar-24 | 27.79 | - | 20.47 | 30.56 | 25.33 | 25.33 |
| | Number of Options | 31-Mar-25 | 34,200 | - | 16,200 | 18,000 | - | - |
| | Weighted Average Price | 31-Mar-25 | 25.33 | - | 18.31 | 11.12 | - | - |
| Scheme V | Number of Options | 31-Mar-24 | 96,554 | - | - | 26,486 | 70,068 | - 70,068 |
| | Weighted Average Price | 31-Mar-24 | 13.30 | - | - | 15.57 | 12.41 | 12.41 |
| | Number of Options | 31-Mar-25 | 70,068 | - | 68,002 | 2,066 | - | - |
| | Weighted Average Price | 31-Mar-25 | 12.41 | - | 12.64 | 5.00 | - | - |
| Scheme IX | Number of Options | 31-Mar-24 | 103,032 | - | 90,232 | 12,800 | - | - |
| | Weighted Average Price | 31-Mar-24 | 27.37 | - | 27.37 | 27.37 | - | - |
| | Number of Options | 31-Mar-25 | - | - | - | - | - | - |
| | Weighted Average Price | 31-Mar-25 | - | - | - | - | - | - |
| Scheme X | Number of Options | 31-Mar-24 | - | - | (14,000) | 14,000 | - | - |
| | Weighted Average Price | 31-Mar-24 | - | - | 95.68 | 95.68 | - | - |
| | Number of Options | 31-Mar-25 | - | - | - | - | - | - |
| | Weighted Average Price | 31-Mar-25 | - | - | - | - | - | - |
| Scheme XI | Number of Options | 31-Mar-24 | 1,009,914 | 443,400 | 82,510 | 482,034 | 888,770 | 48,734 |
| | Weighted Average Price | 31-Mar-24 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| | Number of Options | 31-Mar-25 | 888,770 | 1,972,610 | 35,094 | 602,106 | 2,224,180 | 7,176 |
| | Weighted Average Price | 31-Mar-25 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Scheme XIII | Number of Options | 31-Mar-24 | 6,760,330 | 3,764,950 | 894,394 | 1,940,838 | 7,690,048 | 861,540 |
| | Weighted Average Price | 31-Mar-24 | 1,259.85 | 3,261.15 | 1,449.31 | 967.64 | 2,286.26 | 1,497.72 |
| | Number of Options | 31-Mar-25 | 7,690,048 | 115,800 | 1,394,790 | 1,929,162 | 4,481,896 | 194,871 |
| | Weighted Average Price | 31-Mar-25 | 2,286.26 | 4,332.79 | 2,484.74 | 1,234.24 | 2,730.19 | 1,443.30 |
| Total | Number of Options | 31-Mar-24 | 8,305,032 | 4,208,350 | 1,121,268 | 2,638,558 | 8,753,556 | 944,876 |
| | Number of Options | 31-Mar-25 | 8,753,556 | 2,088,410 | 1,584,556 | 2,551,334 | 6,706,076 | 202,047 |

The weighted average share price for the period over which stock options were exercised was ₹ 4,984.34 (previous year ₹ 3,013.10).

*(This space is intentionally left blank)*

**c) Details of exercise price for stock options outstanding at the end of the year**

| Scheme | Range of exercise price | As at March 31, 2025 No. of Options outstanding | As at March 31, 2025 Weighted average remaining contractual life* | As at March 31, 2024 No. of Options outstanding | As at March 31, 2024 Weighted average remaining contractual life* |
|---|---|---|---|---|---|
| Scheme I | 1.02 - 4.785 | - | - | - | Note (i) |
| Scheme III | 0 - 24.105 | - | - | 70,470 | Note (i) |
| Scheme IV | 11.115 - 30.56 | - | - | 34,200 | 1.31 |
| Scheme V | 11.115 - 22.07 | - | - | 70,068 | Note (i) |
| Scheme XI | 10 | 2,224,180 | 4.02 | 888,770 | 3.72 |
| Scheme XIII | 100 - 5446 | 4,481,896 | 3.28 | 7,690,048 | 3.80 |

Note (i) - No contractual life is defined in the scheme.

* The weighted average contractual life disclosed above has been computed only for the unexpired options.

**d) Effect of the employee share-based payment plans on the statement of profit and loss and on its financial position**

Compensation expense arising from equity-settled employee share-based payment plans for the year ended March 31, 2025 amounted to ₹ 609.37 million for PSL India and ₹ 2,482.46 million for subsidiaries. (Previous year ₹ 584.95 million for PSL India & ₹ 508.30 million for subsidiaries). The liability for employee stock options outstanding as at March 31, 2025 is ₹ 3,432.38 million (Previous year ₹ 2,227.71 million).

**e) Weighted average exercise prices and weighted average fair values of options**

The Black-Scholes valuation models have been used for computing the weighted average fair value of the stock options granted during the current and previous financial year:

| Particulars | March 31, 2025 RSU Scheme XI | March 31, 2025 ESOP Scheme XIII | March 31, 2024 RSU Scheme XI | March 31, 2024 ESOP Scheme XIII |
|---|---|---|---|---|
| Weighted average share price (Rs.) | 3614.30 | 5096.48 | 3108.77 | 3835.9 |
| Weighted Exercise Price (Rs.) | 5 | 4332.79 | 5 | 3335.42 |
| Weighted Average Fair Value (Rs.) | 3550.15 | 1722.81 | 3063.06 | 1341.98 |
| Expected Volatility | 22.87%-27.14% | 26.55%-27.38% | 21.99%-30.69% | 27.44%-31.15% |
| Life of the options granted ** (Vesting and exercise period) | 3 - 4 yrs | 3 - 4 yrs | 3 - 4 yrs | 3 - 4 yrs |
| Dividend Yield | 30.00 | 30.00 | 44.00 | 44.00 |
| Average risk-free interest rate | 7.15% | 7.18% | 7.12% | 7.16% |

** 1.The expected life of the RSU/ESOP is estimated based on the vesting term and contractual term of the RSU/ESOP, as well as expected exercise behavior of the employee who receives the RSU/ESOP.
2.The fair value of the awards are estimated using the Black-Scholes Model for time and non-market performance based options.

**Note:** The company has done a share split of 1:2, the impact of this has been given to options granted to the employees of the company ((refer note 16(a)).

The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk-free rate of interest. Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of the Company's publicly traded equity shares and has been modelled based on historical movements in the market prices of the publicly traded equity shares during a larger period after excluding outliers to smoothen the fluctuations .

## 35. Contingent liabilities

| Sr. No | Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|
| | **Claims against the company not acknowledged as debt*** | | |
| 1 | **Indirect tax matters** | | |
| | (i) In respect to the order passed by the Learned Principal Commissioner of Service Tax, Pune, for Service tax under import of services on reverse charge basis for the Financial Year 2014-15, the Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017.<br>The Hon'ble CESTAT decided and passed the order on January 28,2023 with the direction that the entire show cause notice passed by the Principal Commissioner of Service Tax will now be taken up for fresh adjudication and the judgments noted in the Order of the Hon'ble CESTAT and other submissions, if any, be considered while adjudicating the show cause notice.<br>The Company has filed Appeal against the CESTAT Order with Hon'ble High Court on March 13,2023.<br>The Company has paid ₹ 165.58 million under protest towards the demand and the same forms part of the GST receivable balance.<br>If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Company will be eligible to claim credit/refund for the amount paid. | 173.78 | 173.78 |
| | (ii) Other Pending litigations in respect of Indirect taxes. | 723.33 | 7.77 |
| 2 | **Income tax demands disputed in appellate proceedings.** | 1,041.74 | 1,102.72 |

## 36 Capital and other commitments

(In ₹ Million)

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Capital commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 326.88 | 359.76 |

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

**37. Details of Corporate Social Responsibility expenditure**

(In ₹ Million)

| | | For the year ended | |
|---|---|---|---|
| | | **March 31, 2025** | **March 31, 2024** |
| a) | Gross amount required to be spent by the Company during the year | 214.75 | 175.45 |
| b) | Amount of Expenditure incurred | | |
| | (i) Construction/acquisition of any asset | - | - |
| | (ii) On purposes other than (i) above | 217.78 | 175.45 |
| c) | Total of previous year shortfall | - | - |
| d) | Reason for shortfall | NA | NA |
| e) | Nature of CSR Activity | a. Community Development<br>b. Healthcare<br>c. Education | a. Community Development<br>b. Healthcare<br>c. Education |
| f) | Details of related party transactions<br>Donation given to Persistent Foundation | 217.78 | 175.45 |
| g) | Deails of provision made for liability incurred by entering into a contractual obligation | - | - |

The Company had an amount of ₹ 32.11 Million available in its book for set off till the end of FY 2023-24 which has lapsed.

The Company spent a total of ₹ 217.78 Million during FY 2024-25. As per Section 135(5) of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014, the Company was required to spend ₹ 214.75 Million as CSR expenditure during FY 2024-25. Thus, the excess amount spent by the Company i.e., ₹ 3.03 Million is available for a set-off till the end of FY 2027-28, being the third (last) year to avail the set-off.

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**38. Ratios**

| Ratio | Denomination | Numerator | Denominator | March 31, 2025 | March 31, 2024 | % change | Reason for variance (If more than 25%) |
|---|---|---|---|---|---|---|---|
| (a) Current Ratio | Number | Current Assets | Current Liabilties | 2.71 | 3.20 | -15.31% | |
| (b) Debt-Equity Ratio | % | Debt | Shareholder's Equity | NA | 0.004% | NA | |
| (c) Debt Service Coverage Ratio | Number | Earnings available for debt service | Current debt liability | NA | 7,119.74 | NA | |
| (d) Return on Equity Ratio | % | Net Profit after tax | Average Shareholder's Equity | 21.49% | 22.61% | -4.96% | |
| (e) Trade Receivables turnover ratio | Number | Revenue from operations | Average Trade receivables | 6.90 | 4.70 | 46.63% | Note 1 |
| (f) Trade payables turnover ratio | Number | Cost of Professionals+other expenses±Other non cash adjustments | Average Trade payables | 8.08 | 6.61 | 22.36% | |
| (g) Net capital turnover ratio | Number | Revenue from operations | Working Capital | 3.70 | 2.74 | 34.76% | Note 1 |
| (h) Net profit ratio | % | Net Profit after tax | Revenue | 9.85% | 15.13% | -34.91% | Note 1 |
| (i) Return on Capital employed | % | Profit before Interest and taxes | Capital employed | 27.13% | 27.90% | -2.79% | |
| (j) Return on investment | % | Income generated from treasury investments | Average invested funds in treasury investments | 7.65% | 7.25% | 5.52% | |

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

Note 1 : Increase in business volume due to internal reorganisation. The reorganisation has resulted in transfer of certain customer contracts and certain employees, from Persistent Systems, Inc.(US subsidiary) to Persistent Systems Limited (the Holding Company and its USA branch).

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

**(a) Details of Loans given**

In ₹ Million

| Name of Party | Rate of Interest | Purpose | Term | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|---|---|
| PSPL ESOP Management Trust | 6.8% per annum simple interest | For the purpose of meeting the requirement under ESOP 2017 Scheme | 8 years from the date of each tranche of loan disbursement or term of ESOP 2017, whichever is earlier | 3,694.86 | 2,760.00 |

**(b) Details of gurantees given on behalf of subsidiaries**

| Name of Subsidiary | As at March 31, 2025 | | As at March 31, 2024 | |
|---|---|---|---|---|
| | $ Million | ₹ Million | $ Million | ₹ Million |
| Persistent Systems Inc. | 10.17 | 869.23 | 10.17 | 835.67 |

*(This space is intentionally left blank)*

### 40. Auditors' remuneration

| | For the year ended | |
|---|---|---|
| | March 31, 2025 In ₹ Million | March 31, 2024 In ₹ Million |
| Audit fee | 12.25 | 11.44 |
| Certifications | 0.55 | 0.50 |
| Reimbursement of expenses | 0.41 | 0.39 |
| | **13.21** | **12.33** |

### 41. Research and development expenditure

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

| | For the year ended | |
|---|---|---|
| | March 31, 2025 In ₹ Million | March 31, 2024 In ₹ Million |
| Revenue | 210.62 | 269.48 |
| | **210.62** | **269.48** |

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

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

### 43. Net dividend remitted in foreign exchange

| Particulars | No. of non-resident shareholders | | No. of equity shares held on which dividend was due | | For the year ended | |
|---|---|---|---|---|---|---|
| | March 31, 2025 | March 31, 2024 | March 31, 2025 in million | March 31, 2024 in million | March 31, 2025 (in ₹ Million) | March 31, 2024 (in ₹ Million) |
| Interim dividend | 25 | 11 | 0.07 | 0.38 | 1.42 | 12.21 |
| Final dividend | 11 | 9 | 0.03 | 0.39 | 0.30 | 8.55 |

### 44. Other statutory information

a. The Company has not been declared a willful defaulter by any bank or financial institution or other lender.

b. The Company does not have any transactions with the companies struck off under section 248 of the Companies Act, 2013.

c. The Company does not have any charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period.

d. The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017

e. The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

f. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

g. There are no proceeding initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

*(This space is intentionally left blank)*

**45.** The Company has deposits of ₹ 408.88 Million (previous year: ₹ 430.00 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.
During the year the Company has received ₹ 21.12 Million from the IL&FS Group and the Management is hopeful of recovery of balance amount with a time lag. The Company continues to monitor developments in the matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposits.

**46.** The Company has been sanctioned a working capital limit in excess of ₹ 50.00 Million by banks and/or financial institutions based on the security of current assets. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and/or financial institutions and such returns/statements are in agreement with the books of account of the Company for the respective periods which were subject to audit, except for the following:

| Name of the Bank / financial institution | Working capital limit sanctioned (In INR Million) | Nature of current assets offered as security | Quarter | Information disclosed as per return (In INR Million) | Information as per books of accounts (In INR Million) | Difference* (In INR Million) |
|---|---|---|---|---|---|---|
| Citi Bank | 150 | Book debts | Q1 | 18,926.70 | 21,180.00 | (2,253.30) |
| Citi Bank | 150 | Book debts | Q2 | 27,077.00 | 20,842.00 | 6,235.00 |
| Citi Bank | 150 | Book debts | Q3 | 15,898.00 | 21,393.00 | (5,495.00) |
| Citi Bank | 150 | Book debts | Q4 | 12,946.34 | 12,946.34 | - |

**The difference is on account of exclusion of certain amounts while submitting the details of quarterly statements to the bank basis discussions with the bank.*

**47.** The Company has not advanced / loaned / invested funds to any entities, including foreign entities (Intermediaries), with the understanding that the Intermediary shall directly or indirectly lend or invest in other entities by or on behalf of the Company (Ultimate Beneficiaries). Further, the Company has not provided any guarantee, security to or on behalf of the Ultimate Beneficiaries.

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

**49.** The Hon'ble National Company Law Tribunal, Mumbai ("NCLT") has sanctioned the merger of M/s. CAPIOT Software Private Limited (the Wholly Owned Subsidiary – Transferor Company) into Persistent Systems Limited (the Holding Company – Transferee Company) through absorption, as per its order dated April 9, 2025. The Company received the order on April 11, 2025. Further, the said Order will be effective upon submission of its Certified True Copy dated April 21, 2025, to the Registrar of Companies, Pune for updating their records. The financial impact of this merger will be reflected in the Company's financial statements for the period following its submission to the ROC.

**50.** M/s. Arrka Infosec Private Limited, India (a private company incorporated under the Companies Act, 1956) has become a wholly owned subsidiary of Persistent Systems Limited effective from October 28, 2024, upon completion of the necessary customary closing conditions.

**51.** The Board of Directors of the Company at its meeting concluded on April 24, 2025 (IST), approved the proposal of Merger of M/s. Arrka Infosec Private Limited ('the Wholly Owned Subsidiary') into Persistent Systems Limited ('the Holding Company'), subject to the receipt of necessary approvals in accordance with the provisions of the Companies Act, 2013.

**52.** The Company, through a business transfer agreement dated April 13, 2024, has transferred the UK Branch's operations to its wholly owned subsidiary, Persistent Systems UK Limited ('PSUK'). Under this agreement, the Company has transferred net assets with carrying value of ₹ 633.97 million in exchange for a consideration of ₹ 969.99 million, resulting in a gain of ₹ 336.02 million from the transfer of the business undertaking.

| Particulars | In ₹ Million |
|---|---|
| Proceeds from transfer of business undertaking | 969.99 |
| Net assets transferred | 633.97 |
| Profit on sale of investments | 336.02 |

**53.** Persistent India Foundation was incorporated under Section 8 of the Companies Act, 2013 effective from May 1, 2024, as a wholly owned subsidiary of the Company.

**54.** During the year ended, based on review of method and estimated useful lives of property, plant and equipment, the management has revised the estimated useful lives of computers and networking equipment prospectively from 3 years to 4 years w.e.f. April 01, 2024. The effect of this change on actual and expected depreciation expense is as follows:

In ₹ Million

| | For the year ended | |
|---|---|---|
| **Particulars** | **FY2024-25** | **FY2025-26** |
| Decreases in depreciation expenses | 167.33 | 44.84 |

**55.** During the year ended, the Company has discontinued the policy of Long-Term Service Award to employees which was to reward employees on reaching significant milestones in terms of number of years of their service. This is in the context of the coverage of a large number of employees under the Company's ESOP schemes over the last few years, providing employees an opportunity to participate in the Company's growth and value creation. Consequently, the accumulated provision amounting to ₹ 506.74 Million has been written back in the Statement of Profit and Loss, and has been reduced from Employee Benefit Expenses.

**56.** During the year, the Company has internally reorganized business operations in USA. While, the overall business has remained consistent for these customers, the reorganisation has resulted in transfer of certain customer contracts and certain employees, from Persistent Systems, Inc.(US subsidiary) to Persistent Systems Limited (the Holding Company and its USA branch). As result of the reorganization, the revenue and the profit for the year ended is not comparable with the previous corresponding year.

**57.** The Ministry of Corporate Affairs (MCA) has issued a notification (Companies (Accounts) Amendment Rules, 2021) which is effective from 1st April 2023, states that every company which uses accounting software for maintaining its books of account shall use only the accounting software where there is a feature of recording audit trail of each and every transaction, and further creating an edit log of each change made to books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.
The Company uses a SaaS based ERP as a primary accounting software for maintaining books of account, which has a feature of recording audit trail edit logs facility and that has been operative throughout the financial year for the transactions recorded in the software impacting books of account at application as well as database level.

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

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

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

SHASHI PURUSHOTTAM TADWALKAR
Digitally signed by SHASHI PURUSHOTTAM TADWALKAR
Date: 2025.04.23 17:03:54 -07'00'

**Shashi Tadwalkar**
Partner
Membership No.: 101797

Place: USA
Date : April 23, 2025

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

Anand Deshpande (Apr 23, 2025 15:56 PDT)
Sandeep Kalra (Apr 23, 2025 16:01 PDT)
Praveen Kadle (Apr 23, 2025 15:58 PDT)

| **Dr. Anand Deshpande** | **Sandeep Kalra** | **Praveen Kadle** |
|---|---|---|
| Chairman and Managing Director | Executive Director and Chief Executive Officer | Independent Director |
| DIN: 00005721 | DIN: 02506494 | DIN: 00016814 |
| Place: USA | Place: USA | Place: USA |
| Date : April 23, 2025 | Date : April 23, 2025 | Date : April 23, 2025 |

Vinit Teredesai (Apr 23, 2025 16:09 PDT)
Amit Atre (Apr 23, 2025 16:06 PDT)

| **Vinit Teredesai** | **Amit Atre** |
|---|---|
| Executive Director and Chief Financial Officer | Company Secretary |
| DIN: 03293917 | Membership No.: A20507 |
| Place: USA | Place: USA |
| Date : April 23, 2025 | Date : April 23, 2025 |