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**Independent auditor's report on Special Purpose Financial Statements of Persistent Systems, Inc.
for the year ended 31 March 2025**

To the Board of Directors of Persistent Systems, Inc.

Opinion

1. We have audited the accompanying Special Purpose Financial Statements of Persistent Systems, Inc. ('the Company'), which comprise the Special Purpose Balance Sheet as at 31 March 2025, the Special Purpose Statement of Profit and Loss (including Other Comprehensive Income), the Special Purpose Statement of Cash Flows and the Special Purpose Statement of Changes in Equity for the year then ended, notes to the special purpose financial statements including material accounting policy information and other explanatory information (together hereinafter referred to as the 'Special Purpose Financial Statements').
2. In our opinion and to the best of our information and according to the explanations given to us, the accompanying Special Purpose Financial Statements are prepared, in all material respects, in accordance with the basis of preparation described in note 2 to these Special Purpose Financial Statements.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by ICAI and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Preparation and Restriction on distribution or use

4. Without modifying our opinion, we draw attention to note 2 to the accompanying Special Purpose Financial Statements, which describes the basis of preparation. These Special Purpose Financial Statements have been prepared by the Company's management solely to assist the management of Persistent Systems Limited ('the Holding Company') in the preparation of its consolidated financial statements for the year ended 31 March 2025 and accordingly, these Special Purpose Financial Statements may not be suitable for any other purpose. This report is issued solely for the aforementioned purpose, and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Further, we do not accept or assume any liability or any duty of care for any other purpose for which or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

5. The accompanying Special Purpose Financial Statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the preparation of these Special Purpose Financial Statements in accordance with the basis of preparation described in note 2 to the Special Purpose Financial Statements including determination that such basis of preparation is acceptable in the circumstances. This responsibility includes the 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 Special Purpose Financial Statements, in all material respects, in accordance with the basis of accounting specified in aforementioned note 2 and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Board of Directors of the Holding Company, as aforesaid.
6. In preparing the Special Purpose Financial Statements, the Board of Directors are 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 Board of Directors of the Company either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 Special Purpose Financial Statements.
9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the special purpose 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 controls;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls with reference to financial statements 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; and

- Conclude on the appropriateness of Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose 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.
10. 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.

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

Shashi Tadwalkar
Partner
Membership No.: 101797

UDIN: 25101797BMMAJX1428

Place: USA
Date: 21 April 2025

Persistent Systems, Inc.

Special purpose 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	335.55	425.51
Capital work-in-progress	4.2	-	1.18
Right-of-use assets	4.3	302.44	421.84
Goodwill	4.4	3,772.88	3,681.50
Other intangible assets	4.5	1,435.58	1,898.52
		5,846.45	6,428.55
Financial assets			
- Trade receivables	10	161.25	469.24
- Investments	5	7,239.01	8,041.74
- Loans	6	1,293.24	981.18
- Other non current financial assets	7	20.84	20.34
Deferred tax assets (net)	9	1,131.46	547.58
Other non-current assets	8	130.19	129.54
Non-current tax assets (net)		-	220.49
	(A)	15,822.44	16,838.66
Current assets			
Financial assets			
- Trade receivables	10	7,742.94	11,062.05
- Cash and cash equivalents	11	1,221.89	1,160.51
- Loans	12	-	119.02
- Other current financial assets	13	193.22	3,419.11
Other current assets	14	653.32	647.81
	(B)	9,811.37	16,408.50
TOTAL	(A)+(B)	25,633.81	33,247.16
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	15	4,729.74	4,729.74
Other equity		4,819.11	4,047.94
	(A)	9,548.85	8,777.68
LIABILITIES			
Non-current liabilities			
Financial liabilities			
- Borrowings	16	-	97.30
- Lease liabilities	17	231.04	315.18
- Other financial liabilities	17(a)	994.16	691.90
Other non-current liabilities	20	7.66	18.93
	(B)	1,232.86	1,123.31
Current liabilities			
Financial liabilities			
- Borrowings	16	-	1,962.22
- Lease liabilities	17	117.72	145.78
- Trade payables	18	5,371.98	13,383.88
- Other financial liabilities	19	7,917.21	5,853.12
Other current liabilities	20	215.50	994.36
Provisions	21	1,041.37	1,006.81
Current tax liabilities (net)		188.32	-
	(C)	14,852.10	23,346.17
TOTAL	(A)+(B)+(C)	25,633.81	33,247.16
Summary of material accounting policy information	3		

The accompanying notes form an integral part of the special purpose financial statements

As per our report of even date

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

For and on behalf of the Board of Directors of
Persistent Systems, Inc.

Shashi Tadwalkar
Partner
Membership No. :- 101797

Place: USA
Date : April 21, 2025

Anand Deshpande
Dr. Anand Deshpande
Director

Place: USA
Date : April 21, 2025

Tom Klein
Thomas Klein
Director

Place: USA
Date : April 21, 2025

Persistent Systems, Inc.**Special purpose statement of profit and loss for the year ended March 31, 2025**

	Notes	For the year ended	
		March 31, 2025 (In ₹ Million)	March 31, 2024 (In ₹ Million)
Income			
Revenue from operations	22	25,704.22	57,894.22
Other income	23	304.94	588.30
Total income	(A)	26,009.16	58,482.52
Expenses			
Employee benefit expenses	24.1	15,310.52	17,501.88
Cost of professionals	24.2	3,500.79	33,579.05
Finance cost	25	206.31	318.34
Depreciation and amortisation	4.6	618.90	781.93
Other expenses	26	3,022.55	4,644.00
Total expenses	(B)	22,659.07	56,825.20
Profit before exceptional item and tax	(A)-(B)	3,350.09	1,657.32
Exceptional item			
Loss on account of dissolution of subsidiary	37	2,781.65	-
Profit before tax		568.44	1,657.32
Tax expense			
Current tax charge		495.88	57.97
Tax charge in respect of earlier year		41.71	70.89
Deferred tax credit		(566.47)	(65.31)
Total tax (credit)/charge		(28.88)	63.55
Net Profit for the year	(C)	597.32	1,593.77
Other comprehensive income			
Items that will be reclassified to profit or loss			
- Exchange differences on translation from functional currency to reporting currency		173.85	117.09
	(D)	173.85	117.09
Total comprehensive income for the year	(C)+(D)	771.17	1,710.86
Earnings per equity share [nominal value of Share USD 0.10] (Previous year: USD 0.10)	27		
Basic (In ₹)		0.85	2.27
Diluted (In ₹)		0.85	2.27
Summary of material accounting policy information	3		

The accompanying notes form an integral part of the special purpose financial statements

As per our report of even date

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

Shashi Tadwalkar
 Partner
 Membership No. :- 101797

Place: USA
 Date : April 21, 2025

For and on behalf of the Board of Directors of Persistent Systems, Inc.

Anand Deshpande
Dr. Anand Deshpande
 Director

Tom Klein
 Tom Klein (Apr 21, 2025 09:24 PDT)
Thomas Klein
 Director

Place: USA
 Date : April 21, 2025

Place: USA
 Date : April 21, 2025

Persistent Systems, Inc.

Special purpose statement of changes in equity for the year ended March 31, 2025

A. Equity share capital
(Refer Note: 15)

(In ₹ Million)

Balance as at April 1, 2024	Changes in equity share capital during the year	Balance as at March 31, 2025
4,729.74	-	4,729.74

(In ₹ Million)

Balance as at April 1, 2023	Changes in equity share capital during the year	Balance as at March 31, 2024
4,729.74	-	4,729.74

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Special purpose statement of changes in equity for the year ended March 31, 2025**B. Other equity****(In ₹ Million)**

Particulars		<u>Items of other comprehensive income</u>	Total
	Retained earnings	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2024	2,800.04	1,247.90	4,047.94
Net profit for the year	597.32	-	597.32
Change during the year	-	173.85	173.85
Balance as at March 31, 2025	3,397.36	1,421.75	4,819.11

(In ₹ Million)

Particulars		<u>Items of other comprehensive income</u>	Total
	Retained earnings	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2023	1,206.27	1,130.81	2,337.08
Net profit for the year	1,593.77	-	1,593.77
Change during the year	-	117.09	117.09
Balance as at March 31, 2024	2,800.04	1,247.90	4,047.94

Nature and purpose of reserves:**a) Retained Earnings**

This reserve represents undistributed accumulated earnings of the Company as on the balance sheet date.

b) Foreign currency translation reserve

The exchange differences arising from the translation of financial statements of foreign operations from functional currency into reporting currency is recognised in other comprehensive income, and is presented within equity in the foreign currency translation reserve.

The accompanying notes form an integral part of the special purpose financial statements

As per our report of even date

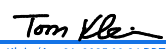
For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

**For and on behalf of the Board of Directors of
Persistent Systems, Inc.**

Shashi Tadwalkar
Partner
Membership No. :- 101797

Anand Deshpande

Dr. Anand Deshpande
Director


Tom Klein (Apr 21, 2025 09:24 PDT)
Thomas Klein
Director

Place: USA
Date : April 21, 2025

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Date : April 21, 2025

Place: USA
Date : April 21, 2025

Persistent Systems, Inc.**Special purpose cash flow statement for the year ended March 31, 2025**

	For the year ended	
	March 31, 2025	March 31, 2024
	(In ₹ Million)	(In ₹ Million)
Cash flow from operating activities		
Profit before tax	568.44	1,657.32
Adjustments for:		
Exchange differences in translating the financial statements	30.90	15.84
Unrealised foreign exchange (gain)/loss	(40.52)	8.93
Interest income	(126.80)	(133.92)
Profit on sale of investment	(21.67)	(14.91)
Depreciation and amortisation	618.90	781.93
Finance costs	206.31	318.34
Changes in contingent consideration payable on business combination	(1,545.38)	(743.18)
Reversal of impairment loss on financial assets (net)	-	(23.98)
Loss on account of dissolution of subsidiary	2,781.65	0.99
Fair value loss on financial assets designated as at FVTPL	-	20.70
Liabilities/provisions no longer required written back	(24.01)	(97.30)
Debit balances written off	6.28	3.31
Loss on investments	-	987.31
Bad debts written off	-	0.01
Dividend income	-	(248.44)
Allowance of credit loss (net)	190.14	60.22
Operating profit before working capital changes	2,644.24	2,593.17
Movements in working capital :		
Decrease/(Increase) in trade receivables	3,681.62	(1,571.73)
Decrease/(Increase) in other non current assets and other current assets	2.99	(173.59)
Decrease/(Increase) in other current financial assets and security deposits	3,317.62	(1,154.10)
(Decrease)/Increase in trade payables, current liabilities and non-current liabilities	(5,421.89)	6,060.45
Increase/(Decrease) in provisions	9.47	(743.30)
Operating profit after working capital changes	4,234.05	5,010.90
Direct taxes paid (net of refunds)	(127.69)	(57.75)
Net cash flow generated from operating activities	A 4,106.36	4,953.15
Cash flows from investing activities		
Receipts/(Payment) on account of property, plant and equipment and intangible assets	183.51	(813.53)
Proceeds from sale of investment	21.67	14.91
Investment in subsidiaries and unquoted securities	(1,261.09)	-
Interest received	89.07	113.16
Dividends received	-	248.44
Payment towards contingent consideration	(509.58)	(2,113.05)
Net cash flow used in investing activities	B (1,476.42)	(2,550.07)
Cash flows from financing activities		
Repayment of long term borrowings	(2,088.31)	(2,235.95)
Payment of principal portion of lease liabilities	(123.06)	(102.19)
Payment of interest portion of lease liabilities	(24.60)	(20.08)
Intercompany deposit given	(131.75)	(425.91)
Intercompany deposit received	21.83	36.59
Payment of interest	(222.67)	(336.51)
Net cash flow used in financing activities	C (2,568.56)	(3,084.05)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	61.38	(680.97)
Cash and cash equivalents at the beginning of the year	1,160.51	1,841.48
Cash and cash equivalents at the end of the year (Refer Note 11)	1,221.89	1,160.51
Components of cash and cash equivalents		
Cash on hand	0.01	0.01
Balances with banks	1,221.88	1,160.50
Cash and cash equivalents (Refer Note 11)	1,221.89	1,160.51

The above Cash Flow Statement has been prepared under "Indirect Method" as set out in Ind AS - 7 on "Statement of Cash Flows".

Summary of material accounting policy information

3

The accompanying notes form an integral part of the special purpose financial statements

As per our report of even date

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

Shashi Tadwalkar
Partner
Membership No. :- 101797

For and on behalf of the Board of Directors of
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Anand Deshpande

Dr. Anand Deshpande
Director

Tom Klein

Tom Klein (Apr 21, 2025 09:24 PDT)

Thomas Klein
Director

Place: USA
Date : April 21, 2025

Place: USA
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Place: USA
Date : April 21, 2025

1 Nature of operations

Persistent Systems, Inc. ("the Company") is a wholly owned subsidiary of Persistent Systems Limited ("The holding company"). The Company along with the holding company and its subsidiaries collectively refer to as "The Group". The Company is specializing in software products, services and technology innovation. Also, the Company is engaged in providing sales and marketing support and other allied services to its group entities.

The Company is incorporated and domiciled in United States of America (USA) and has its registered office at 2055, Laurelwood Rd, Suite 210, Santa Clara, CA 95054, USA.

2 Basis of preparation

The special purpose financial statements of Persistent Systems, Inc. ("the Company") comprise of the following:

- a. Balance Sheet as at March 31, 2025
- b. Statement of Profit and Loss (including other comprehensive income) for the year ended March 31, 2025
- c. Statement of Cash Flows for the year then ended
- d. Statement of Changes in Equity for the year then ended
- e. Notes forming part of special purpose financial statements
- f. Material Accounting Policy information and other explanatory information

The Company's management have prepared accompanying special purpose financial statements for the year ended March 31, 2025 in accordance with the recognition and measurement principle of the Indian Accounting Standards ('Ind AS') except for certain presentation and disclosures requirement as required under the Ind AS.

The accompanying special purpose financial statements have been prepared solely to assist the management of Persistent Systems Limited ('the Holding Company') in the preparation of its consolidated financial statements for the year ended March 31, 2025.

Historical cost convention

The financial statements of The Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments and contingent consideration in business combination, which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services.

3 Material accounting policy information**A Accounting year**

The accounting year of the Company is starting from April 1 and ending on March 31.

B Functional currency

The Company's functional currency is the USD. To facilitate consolidation in holding company, these financial statements are presented in INR, which is the presentation currency. The results and balances are translated from functional currency to presentation currency using the following procedure:

- i. All assets and liabilities are translated at the closing rate as at the date of the balance sheet;
- ii. All income and expense items are translated at the average exchange rates for the year;
- iii. The equity share capital is translated on the date of transaction;
- iv. The exchange differences arising out of the year end conversion are recognised in Other Comprehensive Income and the said amount is shown under the head "Other Equity".

C Use of estimates and judgements

- a) The preparation of the special purpose 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.

b) Critical accounting estimates and judgements**i. 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 fixed-price maintenance type contract 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.

The Company uses the percentage-of-completion method in accounting for its other 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.

ii. Income taxes

The Company's primary tax jurisdiction is United States of America, Significant judgements are involved in determining the provision for income taxes including judgements whether the tax positions are probably of being sustained in tax assessments.

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.

iii. Business combination

Business combinations are accounted for using Ind AS 103, Business Combinations, which requires 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 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.

iv. 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.

v. Leases

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

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.

vi. Provision 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. 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. The Company uses significant judgements to assess contingent liabilities.

vii. Compensated absences

The cost of the compensated absences and the present value of the same 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, Compensated absences are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

viii. Share based payments

The share based compensation expense is determined based on the Company's estimate of equity instruments of the holding company that will eventually vest. The corresponding equivalent credit will be accounted as 'Payables' to the holding company. The share based compensation expense is determined based on recharge agreement from the holding company.

ix. Impairment of assets

Investments in subsidiaries, goodwill and intangible assets are tested for impairment as per applicable requirements under Ind AS 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.

D 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 Indian Accounting Standards ('Ind AS') issued by the Institute of Chartered Accountants of India (ICAI). 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 Company has ascertained its operating cycle as 12 months.

E 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.

F Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation which is recognised from the date they are available for use and accumulated impairment losses, if any. Cost comprises the purchase price and directly attributable costs of preparing the asset for its intended use. Internally generated intangible assets, excluding capitalised development costs are reflected as expenditure in the statement of profit and loss in the reporting year in which these are incurred.

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 statement of profit and loss when the asset is derecognised.

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 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 and use or sell it;

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 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.

G Business combinations

The acquisition method of accounting is used to recognised 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.

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 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 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 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.

H 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 recognised in the capital reserves 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 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.

I 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 management estimates the useful lives for the Property, plant and equipment except for leasehold improvements as follows:

Assets	Useful lives
Computers*	3 to 5 years
Computers - Servers and networks*	3 to 5 years
Office equipment	5 years
Furniture and fixtures	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 amortized on a straight-line basis over their estimated useful lives ranging from 3 to 7 years from the day the asset is made available for use.

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

J Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangements 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 a part of the cost of the respective asset. All other borrowing costs are expensed in the year in which they occur.

K 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 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 Company's business model for managing them. The Company's business model refers to how it manages its financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Non-derivative financial instruments**Subsequent measurement****Financial assets****Financial assets at amortized cost**

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

Investments in subsidiaries

Equity investment in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, bank deposits and short-term deposits with an original maturity of three months or less.

Financial liabilities

Financial liabilities are subsequently carried at amortized 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 approximately.

Derecognition

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

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

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

L 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.

i. 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 recognised as and when the related services are rendered. 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.

Income from services rendered to the group companies is recognised as and when services are rendered and are invoiced using cost-plus mark-up approach.

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

Unearned revenue (Contract liability) represents the billing in respect of contracts for which the revenue is not recognised.

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

ii. Interest

Income from interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "Other income" in the statement of profit and loss.

iii. Dividends

Dividend income is recognised 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.

M 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.

N Foreign currency transactions and balances**Initial recognition**

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

The Company's functional currency is the USD. To facilitate consolidation in holding company, these financial statements are presented in INR, which is the presentation currency. The results and balances are translated from functional currency to presentation currency using the following procedure:

- i. All assets and liabilities are translated at the closing rate as at the date of the balance sheet;
- ii. All income and expense items are translated at the average exchange rates for the period/year;
- iii. The equity share capital is translated on the date of transaction;
- iv. The exchange differences arising out of the period end conversion are recognised in Other Comprehensive Income and the said amount is shown under the head "Other Equity".

ii.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 profit and loss statement the Company uses average rate if the average approximates the actual rate at the date of the transaction.

iii.Settlement

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

O Retirement and other employee benefits**Compensated absences**

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.

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.

P Income taxes

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

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 group and the taxation authority.

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

Q 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 recognised in the statement of profit and loss on a straight line basis.

Company as a lessor

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

R 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 Company's 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 budgets and forecast calculations prepared for each 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 annually as at reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Company of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. 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.

S 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.

T Provisions

A provision is recognised 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.

U 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 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 financial statements.

The Company does not recognize a contingent liability but discloses its existence in the financial statements.

V 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 of the holding company (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 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 payable to the holding company.

The expense or credit recognised in the statement of profit and loss for the period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense with a corresponding amount recognised as liability payable to the holding company. 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.

W 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.

X Dividend

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

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Notes forming part of special purpose financial statements

4.1 Property, plant and equipment

	(In ₹ Million)				
	Office equipments	Computers (Refer note 1)	Furniture & fixtures	Leasehold improvements	Total
Gross block					
As at April 1, 2024	170.81	601.01	234.50	33.05	1,039.37
Additions	19.45	8.83	13.87	-	42.15
Disposals	0.08	65.34	-	-	65.42
Effect of foreign currency translation from functional currency to reporting currency	4.07	15.26	5.76	0.82	25.91
As at March 31, 2025	194.25	559.76	254.13	33.87	1,042.01
Accumulated depreciation					
As at April 1, 2024	55.08	402.26	149.78	6.74	613.86
Charge for the year	26.58	63.51	21.16	5.68	116.93
Disposals	0.02	40.99	-	-	41.01
Effect of foreign currency translation from functional currency to reporting currency	1.60	10.91	3.94	0.23	16.68
As at March 31, 2025	83.24	435.69	174.88	12.65	706.46
Net block					
As at March 31, 2025	111.01	124.07	79.25	21.22	335.55

	(In ₹ Million)				
	Office equipments	Computers	Furniture & fixtures	Leasehold improvements	Total
Gross block					
As at April 1, 2023	60.89	483.42	151.51	17.29	713.11
Additions	108.88	157.17	80.15	15.39	361.59
Disposals	0.59	47.64	-	-	48.23
Effect of foreign currency translation from functional currency to reporting currency	1.63	8.06	2.84	0.37	12.90
As at March 31, 2024	170.81	601.01	234.50	33.05	1,039.37
Accumulated depreciation					
As at April 1, 2023	43.72	342.01	137.92	2.66	526.31
Charge for the year	10.79	92.38	9.73	4.01	116.91
Disposals	0.59	47.64	-	-	48.23
Effect of foreign currency translation from functional currency to reporting currency	1.16	15.51	2.13	0.07	18.87
As at March 31, 2024	55.08	402.26	149.78	6.74	613.86
Net block					
As at March 31, 2024	115.73	198.75	84.72	26.31	425.51

Note 1:

The management has revised estimated useful life of computers and networking equipments prospectively (refer note 35 for details).

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Notes forming part of special purpose financial statements

4.2 Capital work in progress

	(In ₹ Million)	
	As at March 31, 2025 In ₹ Million	As at March 31, 2024 In ₹ Million
Capital work in progress	-	1.18
	-	1.18

4.2 Capital work in progress (CWIP) Ageing Schedule

	(In ₹ Million)				
	Less than 1 year	Amount in CWIP for a period of		More than 3 years	Total
		1-2 years	2-3 years		
Projects in progress	-	-	-	-	-
As at 31 March 2025	-	-	-	-	-

	(In ₹ Million)				
	Less than 1 year	Amount in CWIP for a period of		More than 3 years	Total
		1-2 years	2-3 years		
Projects in progress	1.18	-	-	-	1.18
As at 31 March 2024	1.18	-	-	-	1.18

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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Persistent Systems, Inc.

Notes forming part of special purpose financial statements

4.3 Right-of-use assets (Refer note 34)

	(In ₹ Million)
	Office Premises
Gross block	
As at April 1, 2024	661.24
Additions	-
Disposals	48.95
Effect of foreign currency translation from functional currency to reporting currency	16.63
As at March 31, 2025	628.92
Accumulated depreciation	
As at April 1, 2024	239.40
Charge for the year	128.45
Disposals	48.95
Effect of foreign currency translation from functional currency to reporting currency	7.58
As at March 31, 2025	326.48
Net block	
As at March 31, 2025	302.44

	(In ₹ Million)
	Office Premises
Gross block	
As at April 1, 2023	521.44
Additions	239.72
Disposals	108.65
Effect of foreign currency translation from functional currency to reporting currency	8.73
As at March 31, 2024	661.24
Accumulated depreciation	
As at April 1, 2023	209.26
Charge for the year	132.85
Disposals	106.04
Effect of foreign currency translation from functional currency to reporting currency	3.33
As at March 31, 2024	239.40
Net block	
As at March 31, 2024	421.84

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Notes forming part of special purpose financial statements**4.4 Goodwill**

	As at March 31, 2025 (In ₹ Million)	As at March 31, 2024 (In ₹ Million)
Cost		
Balance at beginning of year	3,681.50	3,627.20
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	91.38	54.30
Balance at end of year	3,772.88	3,681.50

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 the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. Value-in-use is determined based on discounted future cash flows.

The key assumptions used for the calculations are as follows :

	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 18%	14% to 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 operations. Based on testing, no impairment loss was identified during current year and previous year.

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Persistent Systems, Inc.**Notes forming part of special purpose financial statements****4.5 Other Intangible assets**

	(In ₹ Million)		
	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2024	1,687.54	6,437.99	8,125.53
Additions	-	89.56	89.56
Disposals on account of assets transfer	334.85	-	334.85
Effect of foreign currency translation from functional currency to reporting currency	43.41	159.79	203.20
As at March 31, 2025	1,396.10	6,687.34	8,083.44
Accumulated amortisation			
As at April 1, 2024	1,470.47	4,756.54	6,227.01
Charge for the year	0.41	373.11	373.52
Disposals on account of assets transfer	111.92	-	111.92
Effect of foreign currency translation from functional currency to reporting currency	37.02	122.23	159.25
As at March 31, 2025	1,395.98	5,251.88	6,647.86
Net block			
As at March 31, 2025	0.12	1,435.46	1,435.58

Acquired contractual rights have remaining amortisation period between 2-4 years.

	(In ₹ Million)		
	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2023	1,662.49	6,343.04	8,005.53
Additions	0.17	-	0.17
Effect of foreign currency translation from functional currency to reporting currency	24.88	94.95	119.83
As at March 31, 2024	1,687.54	6,437.99	8,125.53
Accumulated amortisation			
As at April 1, 2023	1,341.59	4,265.54	5,607.13
Charge for the year	108.03	424.14	532.17
Effect of foreign currency translation from functional currency to reporting currency	20.85	66.86	87.71
As at March 31, 2024	1,470.47	4,756.54	6,227.01
Net block			
As at March 31, 2024	217.07	1,681.45	1,898.52

4.6 Depreciation and amortisation

	(In ₹ Million)	
	For the year ended	
	March 31, 2025	March 31, 2024
On Property, plant and equipment	116.93	116.91
On Other intangible assets	373.52	532.17
On Right-of-use assets	128.45	132.85
	618.90	781.93

Persistent Systems, Inc.**Notes forming part of special purpose financial statements****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		
Persistent Telecom Solutions, Inc.		
2,480 (Previous year: 2,480) shares of USD 0.001 each, fully paid up	529.91	517.08
Less: Provision for diminution in value of investment	(529.91)	(517.08)
 Aepona Group Limited		
5,644,820 Class "A" ordinary shares of Euro 0.012 each and 544,417,875,500 Class "B" ordinary shares of GBP 0.000001 each (Previous year: 5,644,820 Class "A" ordinary shares of Euro 0.012 each and 544,417,875,500 Class "B" ordinary shares of GBP 0.000001 each), fully paid up	192.91	188.23
Less: Provision for diminution in value of investment	(192.91)	(188.23)
 Persistent Systems Israel Limited	8.64	8.43
3,867,400 (Previous year: 3,867,400) ordinary shares of NIS 0.1 par value, fully paid up		
 Persistent Systems Mexico, S.A. de C. V	4.62	4.50
99,999 (Previous year 99,999) ordinary shares of Pesos 0.1 par value, fully paid up		
 Software Corporation International LLC	-	2,807.04
Nil (Previous year : 100% membership interest)		
 MediaAgility Inc	5,196.71	5,070.85
4,347,275 (Previous year: 4,347,275) common stock of USD 9 each, fully paid up		
 Persistent Systems Poland Sp. z o.o.	0.10	0.10
100 (Previous year: 100) common stock of PLN 50 each, fully paid up		
 Persistent Systems Australia Pty. Ltd (Formerly known as CAPIOT Software Pty Ltd) *	0.00	0.00
2 (Previous year: 2) ordinary shares of AUD 1 each, fully paid up		
 Starfish Associates LLC	1,660.71	-
100% membership interest (Previous year: Nil)		
 Total investments carried at cost (A)	6,870.78	7,890.92

* ₹0.00 Million represents value less than ₹ 5,000

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Persistent Systems, Inc.

Notes forming part of special purpose financial statements

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

	As at March 31, 2025 (In ₹ Million)	As at March 31, 2024 (In ₹ Million)
Investments carried at fair value		
Unquoted investments		
Investments in common stocks/preferred stocks		
Hyginex, Inc.		
250,000 (Previous year - 250,000) preferred shares of USD 0.001 each, fully paid up	17.09	16.68
Less: Change in fair value of investment	(17.09)	(16.68)
Trunomi, Inc.		
277,778 (Previous year - 277,778) preferred shares of USD 0.0002 each, fully paid up	21.37	20.85
Less: Change in fair value of investment	(21.37)	(20.85)
DxNow		
Nil (Previous year - 169,975) preference shares of USD 0.0001 each, fully paid up	-	10.43
Less: Change in fair value of investment	-	(10.43)
Akumina Inc.		
400,667 (Previous Year - 400,667) preference shares of USD 0.443 each, fully paid up	15.17	14.80
Monument Bank		
24,000 (Previous year - 24,000) common stock of GBP 50 each, fully paid up	139.39	136.02
SwanAI		
84,828 (Previous year - Nil) preferred shares of USD 0.00001 each, fully paid up	213.67	-
Total investments carried at fair value (B)	368.23	150.82
Total Investments (A + B)	7,239.01	8,041.74
Aggregate amount of Quoted investments	-	-
Aggregate amount of unquoted investments	8,000.29	8,795.01
Aggregate provision for diminution in value of investments	(722.82)	(705.31)
Aggregate amount of change in fair value of investments	(38.46)	(47.96)
Aggregate market value of quoted investments	-	-

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Persistent Systems, Inc.**Notes forming part of special purpose financial statements****6. Non-current financial assets : Loans**

	As at March 31, 2025 (In ₹ Million)	As at March 31, 2024 (In ₹ Million)
Carried at amortised cost		
Loans to related parties		
Unsecured considered good		
- Persistent Systems France SAS (Repayment terms : At the end of three years) Rate of Interest: LIBOR + 225 bps, (Previous year : LIBOR + 225 bps)	222.34	139.52
- Interest accrued but not due at amortised cost	6.40	4.24
	<u>228.74</u>	<u>143.76</u>
- Persistent Systems Germany GmbH (Repayment terms : At the end of three years) Rate of Interest: EURIBOR + 225 bps (Previous year : EURIBOR + 225 bps)	787.61	673.96
- Interest accrued but not due at amortised cost	62.43	19.38
	<u>850.04</u>	<u>693.34</u>
- Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd) (Repayment terms : At the end of three years) Rate of Interest: SOFR + 225 bps (Previous year : SOFR + 225 bps)	106.85	108.34
- Interest accrued but not due at amortised cost	1.53	1.72
	<u>108.38</u>	<u>110.06</u>
- Persistent Systems S.R.L.- Romania (Repayment terms : At the end of three years) Rate of Interest: 3 months SOFR + 250 bps (Previous year : 3 months SOFR + 250 bps)	19.23	33.36
- Interest accrued but not due at amortised cost	0.92	0.66
	<u>20.15</u>	<u>34.02</u>
- Persistent Systems Poland Sp. z o.o. (Repayment terms : At the end of three years) Rate of Interest : SOFR + 250 bps (Previous year : NA)	85.47	-
- Interest accrued but not due at amortised cost	0.46	-
	<u>85.93</u>	<u>-</u>
Total non-current loans	<u>1,293.24</u>	<u>981.18</u>

7. Other non-current financial assets

	As at March 31, 2025 (In ₹ Million)	As at March 31, 2024 (In ₹ Million)
Unsecured, considered good		
Security deposits	20.84	20.34
	<u>20.84</u>	<u>20.34</u>

8. Other non-current assets

	As at March 31, 2025 (In ₹ Million)	As at March 31, 2024 (In ₹ Million)
Unsecured, considered good		
Prepayments	130.19	125.87
Capital advance	-	3.67
	<u>130.19</u>	<u>129.54</u>

Persistent Systems, Inc.

Notes forming part of special purpose financial statements

9. Deferred tax asset (net)

	As at March 31, 2025 (In ₹ Million)	As at March 31, 2024 (In ₹ Million)
Deferred tax asset		
Provision for expected credit loss	80.54	40.84
Employee related payments	678.08	200.24
Leave encashment	129.09	156.21
Tax credit	163.91	80.96
Differences in book values and tax base values of block of property, plant and equipment and other intangible assets	114.83	98.39
Unbilled revenue	10.18	-
Difference in book values and tax base values of ROU asset and lease liability	1.77	-
Others	0.64	5.90
	1,179.04	582.54
Deferred tax liability		
Utilisation of accumulated losses of wholly owned subsidiary	31.29	26.26
Difference in book values and tax base values of ROU asset and lease liability	-	0.68
Others	16.29	8.02
	47.58	34.96
Deferred tax asset (net)	1,131.46	547.58

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 foreign currency translation reserve	In ₹ Million As at March 31, 2025
Deferred tax asset				
Provision for expected credit loss	40.84	39.70	-	80.54
Employee related payments	200.24	477.84	-	678.08
Leave encashment	156.21	(27.12)	-	129.09
Tax credit	80.96	82.95	-	163.91
Differences in book values and tax base values of block of property, plant and equipment and other intangible assets	98.39	16.44	-	114.83
Unbilled revenue	-	10.18	-	10.18
Difference in book values and tax base values of ROU asset and lease liability	-	1.77	-	1.77
Others	5.90	(22.67)	17.41	0.64
	582.54	579.09	17.41	1,179.04
Deferred tax liability				
Utilisation of accumulated losses of wholly owned subsidiary	26.26	5.03	-	31.29
Difference in book values and tax base values of ROU asset and lease liability	0.68	(0.68)	-	-
Others	8.02	8.27	-	16.29
	34.96	12.62	-	47.58
Deferred tax asset (net)	547.58	566.47	17.41	1,131.46

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 foreign currency translation reserve	In ₹ Million As at March 31, 2024
Deferred tax asset				
Provision for expected credit loss	14.43	26.41	-	40.84
Employee related payments	178.40	21.84	-	200.24
Leave encashment	115.76	40.45	-	156.21
Tax credit	77.48	3.48	-	80.96
Differences in book values and tax base values of block of property, plant and equipment and other intangible assets	111.72	(13.33)	-	98.39
Others	-	(28.03)	33.93	5.90
	497.79	50.82	33.93	582.54
Deferred tax liability				
Utilisation of accumulated losses of wholly owned subsidiary	47.21	(20.95)	-	26.26
Difference in book values and tax base values of ROU asset and lease liability	0.03	0.65	-	0.68
Others	2.21	5.81	-	8.02
	49.45	14.49	-	34.96
Deferred tax asset (net)	448.34	65.31	33.93	547.58

Persistent Systems, Inc.

Notes forming part of special purpose financial statements

10. Trade receivables*

	As at March 31, 2025 (In ₹ Million)	As at March 31, 2024 (In ₹ Million)
-Non Current		
Unsecured, considered good	161.25	469.24
	161.25	469.24
-Current		
Unsecured, considered good	6,941.67	10,832.61
Unsecured, credit impaired	1,114.08	349.26
	8,055.75	11,181.87
Less : Allowance for expected credit loss	(312.81)	(119.82)
	7,742.94	11,062.05
	7,904.19	11,531.29

* Includes dues from related parties (refer note 28)

Trade receivables Ageing Schedule

	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	843.14	6,259.78	-	-	-	7,102.92
Undisputed trade receivable – credit impaired	-	-	577.40	361.83	74.41	100.44
	843.14	6,259.78	577.40	361.83	74.41	100.44
Less : Allowance for expected credit loss	-	(0.85)	(57.88)	(159.18)	(49.36)	(45.54)
As At March 31, 2025	843.14	6,258.93	519.52	202.65	25.05	54.90
Expected loss rate (refer note 30(b))	-	0.01%	10.02%	43.99%	66.34%	45.34%
	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	10,459.35	842.50	-	-	-	11,301.85
Undisputed trade receivable – credit impaired	-	-	142.67	106.15	75.44	25.00
	10,459.35	842.50	142.67	106.15	75.44	25.00
Less : Allowance for expected credit loss	-	(1.83)	(27.77)	(48.84)	(16.38)	(25.00)
As At March 31, 2024	10,459.35	840.67	114.90	57.31	59.06	-
Expected loss rate (refer note 30(b))	-	0.22%	19.46%	46.01%	21.71%	100.00%

Persistent Systems, Inc.**Notes forming part of special purpose financial statements****11. 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	0.01	0.01
Balances with banks		
- On current accounts	972.72	852.47
- On deposit account with original maturity of less than three months	249.16	308.03
	1,221.89	1,160.51

12. Current financial assets : loans

	As at March 31, 2025 (In ₹ Million)	As at March 31, 2024 (In ₹ Million)
Carried at amortised cost		
Unsecured considered good		
Loans to related parties		
- Persistent Systems México, S.A. de C.V. (Repayment terms : At the end of three years) Rate of Interest: SOFR + 225 bps, (Previous year : SOFR + 225 bps)	-	81.72
- Interest accrued but not due at amortised cost	-	6.79
	-	88.51
- Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd) (Repayment terms : At the end of three years) Rate of Interest: SOFR + 225 bps (Previous year : SOFR + 225 bps)	-	30.02
- Interest accrued but not due at amortised cost	-	0.49
	-	30.51
Loans to others		
- Loan to LHS Solutions, Inc.	25.61	24.99
- Interest accrued but not due at amortised cost	2.02	1.97
Less: Impairment allowance	(27.63)	(26.96)
	-	-
	-	119.02

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Persistent Systems, Inc.

Notes forming part of special purpose financial statements

13. Other current financial assets

	As at March 31, 2025 (In ₹ Million)	As at March 31, 2024 (In ₹ Million)
Receivable from related parties		
Unsecured, considered good		
- Persistent Systems Limited	11.06	21.12
- Persistent Systems France SAS	11.14	5.56
- Persistent Systems Germany GmbH	5.08	6.78
- Persistent Systems S.R.L	-	0.40
- Persistent Systems México, S.A. de C.V.	4.40	0.06
- Persistent Telecom Solutions, Inc.	2.11	-
- MediaAgility Inc.	86.76	42.26
- Persistent Systems S.R.L.- Romania	0.17	-
	120.72	76.18
Unbilled revenue (refer note 22)	6.62	3,311.02
Security deposits	31.09	31.91
Other receivables*	34.79	-
Total	193.22	3,419.11

* Represents amounts received in the Group companies on behalf of the Company (refer note 28).

14. Other current assets

	As at March 31, 2025 (In ₹ Million)	As at March 31, 2024 (In ₹ Million)
Unsecured, considered good		
Advances recoverable in cash or kind or for value to be received	366.22	355.35
VAT receivable	1.72	0.12
Prepayments	285.38	292.34
	653.32	647.81

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Notes forming part of special purpose financial statements

15. Share capital

	As at March 31, 2025	As at March 31, 2024
Authorised (In USD Million)		
1,500,000,000 (Previous year: 1,500,000,000) Common Shares of USD 0.10 each	USD 150	USD 150
	USD 150	USD 150
Issued, subscribed and paid-up (In ₹ Million)		
702,000,000 (Previous year: 702,000,000) Common Shares	4,729.74	4,729.74
of USD 0.10 each fully paid up. All shares are held by Holding Company i.e. Persistent Systems Limited.	4,729.74	4,729.74

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

	As at March 31, 2025		As at March 31, 2024	
	No. of Shares	Amount (In ₹ Million)	No. of Shares	Amount (In ₹ Million)
At the beginning of the reporting year	702,000,000	4,729.74	702,000,000	4,729.74
Add : Additional issued during the year	-	-	-	-
At the end of the reporting year	702,000,000	4,729.74	702,000,000	4,729.74

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Persistent Systems, Inc.

Notes forming part of special purpose financial statements

16. 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 from HSBC bank	-	97.30
-Current		
Current maturity of long-term borrowings	-	1,962.22
	-	2,059.52

The term loans have the following terms and conditions:

Amounting to USD 25 Million repayable with interest @ SOFR+ 155 bps per annum has been supported by a Letter of Comfort by the holding company and repayable over a period of three years in equal monthly installments commencing from October 21, 2021.

Amounting to USD 35 Million repayable with interest @ SOFR+ 155 bps per annum has been supported by a Letter of Comfort by the holding company and repayable over a period of three years in equal monthly installments commencing from April 1, 2022.

Amounting to USD 21 Million repayable with interest @ SOFR+ 155 bps per annum has been supported by a Letter of Comfort by the holding company and repayable over a period of three years in equal monthly installments commencing from June 1, 2022.

Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	(In ₹ Million)
Borrowings	
As at April 1, 2024	2,059.52
Cash flows:	-
- Repayment (Principal amount)	(2,088.31)
- Repayment (Interest)	-
- Repayment (Lease Interest)	-
Non cash items:	
- Exchange difference	28.79
- Interest expense on lease liabilities	-
As at March 31, 2025	-
	(In ₹ Million)
Borrowings	
As at April 1, 2023	4,247.73
Cash flows:	-
- Repayment (Principal amount)	(2,235.95)
- Repayment (Interest)	-
- Repayment (Lease Interest)	-
Non cash items:	
- Exchange difference	47.74
- Interest expense	-
- Additional lease during the year	-
As at March 31, 2024	2,059.52

Persistent Systems, Inc.

Notes forming part of special purpose financial statements

17. Lease liabilities

	As at March 31, 2025 (In ₹ Million)	As at March 31, 2024 (In ₹ Million)
-Non Current		
Lease liabilities	348.76	460.96
Less: Current portion of lease liabilities	(117.72)	(145.78)
	231.04	315.18
-Current		
Lease liabilities	117.72	145.78
	117.72	145.78

Movement of lease liabilities

	For the year ended March 31, 2025 (In ₹ Million)	For the year ended March 31, 2024 (In ₹ Million)
Opening balance	460.96	332.67
Additions during the year	-	239.72
Add: Interest recognised during the year	24.60	20.08
Less: Payments made during the year	(147.66)	(122.27)
Effect of foreign currency translation from functional currency to reporting currency	10.86	(9.24)
Closing balance	348.76	460.96

17(a). Other financial liabilities - Non-current

	As at March 31, 2025 (In ₹ Million)	As at March 31, 2024 (In ₹ Million)
Carried at fair value		
Liability towards contingent consideration	237.07	-
Carried at amortised cost		
Intercompany deposits from related parties		
- 'Persistent Systems UK Ltd. (Formerly known as Aepona Ltd) (Repayment terms : At the end of three years) Rate of Interest : SOFR + 300 bps, (Previous year : SOFR + 300 bps)	-	83.40
- Interest accrued but not due at amortised cost	-	1.75
	-	85.15
- MediaAgility Inc. (Repayment terms : At the end of three years) Rate of Interest : AFR, (Previous year : AFR)	700.85	542.10
- Interest accrued but not due at amortised cost	56.24	27.66
	757.09	569.76
- Persistent Systems Switzerland AG (Formerly known as PARX Werk AG) (Repayment terms : At the end of three years) Rate of Interest: AFR (Previous year : AFR)	-	36.85
- Interest accrued but not due at amortised cost	-	0.14
	-	36.99
	994.16	691.90

Notes forming part of special purpose financial statements

18. Trade payables*

	As at March 31, 2025 (In ₹ Million)	As at March 31, 2024 (In ₹ Million)
Trade payables for goods and services	5,371.98	13,383.88
	5,371.98	13,383.88

* Includes payables to related parties (Refer note 28)

Trade payables Ageing Schedule

	Unbilled	Outstanding for following periods from due date of payment					Total
		Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Trade payables	917.53	75.85	4,252.52	89.85	16.15	20.08	5,371.98
As At March 31, 2025	917.53	75.85	4,252.52	89.85	16.15	20.08	5,371.98

	Unbilled	Outstanding for following periods from due date of payment					Total
		Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Trade payables	2,383.39	1,100.80	9,836.37	26.81	23.36	13.15	13,383.88
As At March 31, 2024	2,383.39	1,100.80	9,836.37	26.81	23.36	13.15	13,383.88

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Persistent Systems, Inc.

Notes forming part of special purpose financial statements

19. Current financial liabilities : Others

	As at March 31, 2025 (In ₹ Million)	As at March 31, 2024 (In ₹ Million)
Accrued employee liabilities	557.71	788.63
Accrued interest on borrowings	3.32	11.80
Advances from related parties (unsecured, considered good) (refer note 28)		
- Persistent Systems Limited	160.30	2,558.82
- Persistent Telecom Solutions, Inc.	-	2.18
- Software Corporation International LLC	-	0.65
- Persistent Systems Poland Sp. z o.o.	-	0.08
- Persistent Systems Malaysia Sdn. Bhd.	-	1.58
- Persistent Systems UK Limited (Formerly known as Aepona Limited)	18.82	24.83
Other payables*	6,299.28	-
Carried at fair value		
Liability towards contingent consideration	877.78	2,464.55
	7,917.21	5,853.12

* Represents amounts received in the Company on behalf of the Group companies (refer note 28).

20. Other liabilities

	As at March 31, 2025 (In ₹ Million)	As at March 31, 2024 (In ₹ Million)
-Non current		
Others	7.66	18.93
	7.66	18.93
-Current		
Unearned revenue (refer note 22 and 28)	138.17	909.93
Advance from customers (refer note 28)	65.65	35.58
Capital creditors	-	18.40
Others	11.68	30.45
	215.50	994.36
	223.16	1,013.29

21. Provisions

	As at March 31, 2025 (In ₹ Million)	As at March 31, 2024 (In ₹ Million)
Provision for employee benefits		
- Leave encashment	430.00	605.87
- Accrued employee liabilities	611.37	400.94
	1,041.37	1,006.81

Persistent Systems, Inc.

Notes forming part of special purpose financial statements

22. Revenue from operations

	For the year ended	
	March 31, 2025	March 31, 2024
	(In ₹ Million)	(In ₹ Million)
Software licenses (refer note 28)	494.16	1,836.92
Software and other services (refer note 28)	25,210.06	56,057.30
	25,704.22	57,894.22

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 customers' industry type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	For the year ended	
	March 31, 2025	March 31, 2024
	(In ₹ Million)	(In ₹ Million)
Revenue by industry segments		
Banking, Financial Services and Insurance (BFSI)	1,401.63	23,642.62
Healthcare & Life Sciences	54.41	13,637.52
Software, Hi-Tech and Emerging Industries	24,248.18	20,614.08
	25,704.22	57,894.22

Geographical disclosure

India	12,041.86	15.92
North America	13,506.81	57,446.16
Rest of the World	155.55	432.14
Total	25,704.22	57,894.22

Onsite/offshore/IP Led disclosure

IP Led	962.67	3,745.78
Offshore	-	24,844.18
Onsite	24,741.55	29,304.26
Total	25,704.22	57,894.22

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.

Persistent Systems, Inc.

Notes forming part of special purpose financial statements

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	25,704.22	57,894.22
Discount	-	-
Revenue from contracts with customers	25,704.22	57,894.22

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	3,311.02	2,089.62
Invoices raised that were included in the contract assets balance at the beginning of the year	(3,311.02)	(2,089.62)
Increase due to revenue recognised during the year, excluding amounts billed during the year	6.62	3,311.02
Balance at the end of the year	6.62	3,311.02

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	909.93	565.58
Revenue recognised that was included in the unearned revenue balance at the beginning of the year	(909.93)	(521.10)
Increase due to revenue recognised during the year, excluding amounts billed during the year	138.17	865.45
Balance at the end of the year	138.17	909.93

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Persistent Systems, Inc.

Notes forming part of special purpose financial statements

23. Other income

	For the year ended	
	March 31, 2025 (In ₹ Million)	March 31, 2024 (In ₹ Million)
Interest on financial assets carried at amortised cost	126.80	133.92
Foreign exchange gain (net)	26.28	-
Profit on sale of investments	21.67	14.91
Dividend on investments carried at cost	-	248.44
Excess provision in respect of earlier years written back	24.01	97.30
Sundry balances written back	-	35.72
Miscellaneous income	106.18	58.01
	304.94	588.30

24. Personnel expenses

	For the year ended	
	March 31, 2025 (In ₹ Million)	March 31, 2024 (In ₹ Million)
24.1 Employee benefit expenses		
- Salaries, wages and bonus	12,554.21	16,858.43
- Share based payments to employees (refer note 28)	2,485.90	506.80
- Staff welfare expenses	270.41	136.65
	15,310.52	17,501.88
24.2 Cost of professionals		
- Related parties (refer note 28)	2,687.26	23,976.29
- Others	813.53	9,602.76
	3,500.79	33,579.05
	18,811.31	51,080.93

25. Finance cost

	For the year ended	
	March 31, 2025 (In ₹ Million)	March 31, 2024 (In ₹ Million)
Interest on lease liability	24.60	20.08
Interest on bank loan	138.13	213.74
Interest on deposits from related parties	28.07	33.47
Notional interest on liability towards contingent consideration	15.51	51.05
	206.31	318.34

Persistent Systems, Inc.

Notes forming part of special purpose financial statements

26. Other expenses

	For the year ended	
	March 31, 2025 (In ₹ Million)	March 31, 2024 (In ₹ Million)
Traveling and conveyance (refer note 28)	695.20	778.54
Electricity expenses	5.48	4.42
Internet link expenses	26.75	30.49
Communication expenses	12.77	24.71
Recruitment expenses	37.41	89.80
Training and seminars	6.50	9.11
Purchase of software licenses and support expenses	2,312.58	2,164.58
Allowance for credit loss (net) (refer note 10)	190.14	60.22
Rent (refer note 34)	10.53	11.96
Insurance	10.61	10.76
Rates, fees and profession tax	25.35	69.11
Legal and professional fees (refer note 28)	846.61	464.00
Repairs and maintenance (refer note 28)		
- Computers	8.92	12.77
- Buildings	0.01	1.17
- Others	5.21	3.15
Commission on sales (refer note 28)	10.23	62.54
Advertisement and sponsorship fees	170.63	160.54
Computer consumables	0.62	3.76
Auditor's remuneration (refer note 33)	2.00	2.11
Donations	2.09	27.74
Books, memberships and subscriptions	8.02	10.77
Loss on investments	-	988.30
Changes in contingent consideration payable on business combination (refer note 38)	(1,461.82)	(743.03)
Royalty expenses	1.61	-
Impairment loss on financial assets designated as at FVTPL	-	20.70
Debit balances written off	6.28	3.31
Impairment reversal of financial assets	-	(23.98)
Foreign exchange loss (net)	-	31.86
Miscellaneous expenses	88.82	364.58
	3,022.55	4,644.00

27. Earnings per share

Particulars		For the year ended	
		March 31, 2025	March 31, 2024
Basic and diluted earnings per share			
<u>Numerator</u>			
Net Profit after tax (In ₹ Million)	A	597.32	1,593.77
<u>Denominator</u>			
Weighted average number of equity share	B	702,000,000	702,000,000
Basic and diluted earnings per share (In ₹) (Face value of USD 0.10 each)	A / B	0.85	2.27

Persistent Systems, Inc.

Notes forming part of special purpose financial statements

28. Related party transactions

I. Names of related parties

Holding company:

Persistent Systems Limited

Wholly owned subsidiary:

Persistent Telecom Solutions, Inc.

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

Persistent Systems Israel Limited

Persistent Systems S.R.L (Dissolved w.e.f February 26, 2024)

Aepona Group Limited

Capiot Software Inc. (Dissolved w.e.f December 29, 2023)

Software Corporation International (Dissolved w.e.f. June 27, 2024)

SCI Fusion 360, LLC (Dissolved w.e.f May 31, 2023)

MediaAgility Inc.(acquired w.e.f. May 4, 2022)

Persistent Systems Poland Sp. z o.o. (Acquired w.e.f. April 5, 2023)

Starfish Associates, LLC (Acquired w.e.f. August 1, 2024)

Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)

Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)

Wholly owned subsidiary of Aepona Group Limited:

Persistent Systems Lanka (Private) Limited

Wholly owned subsidiary of MediaAgility Inc.(acquired w.e.f. May 4, 2022):

DIGITALAGILITY S DE RL DE CV

MediaAgility UK Ltd., UK

MediaAgility Pte. Ltd., Singapore

Wholly owned subsidiary of Capiot Software Inc. (acquired w.e.f. November 6, 2020):

CAPIOT Software Pte Limited (Dissolved w.e.f. April 6, 2023)

Fellow Subsidiaries

Persistent Systems Pte. Limited

CAPIOT Software Private Limited

Persistent Systems France S.A.S

Persistent Systems Malaysia Sdn. Bhd.

Persistent Systems Germany GmbH

Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)

PARX Consulting GmbH (Merged into Persistent Systems Germany GmbH w.e.f August 21, 2023)

Youperience Germany GmbH (Merged into PSG w.e.f August 21, 2023)

Youperience Limited, UK (Dissolved w.e.f June 27, 2023)

Persistent Systems Costa Rica Limitada (Formerly known as Data Glove IT Solutions Limitada, Costa Rica)

MediaAgility India Private Limited

Persistent Systems S.R.L.- Romania

Key Management Personnel

Dr. Anand Deshpande - Director

Mr. Thomas Klein - Director

Mr Sandeep Kalra, Executive Director and Chief Executive Officer

Persistent Systems, Inc.

Notes forming part of special purpose financial statements

28. Related party transactions (Continued)**II. Related party transactions**

Particulars	Name of the related Party	Relationship with the Related Party	For the year ended	
			March 31, 2025 (In ₹ Million)	March 31, 2024 (In ₹ Million)
Income				
Fees for sales and marketing services	Persistent Systems Limited	Holding company	0.02	1,723.33
	Persistent Telecom Solutions, Inc.	Wholly owned subsidiary	-	10.53
	MediaAgility Inc.	Wholly owned subsidiary	-	12.27
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	Wholly owned subsidiary	0.02	6.80
Corporate guarantee fees	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	Wholly owned subsidiary	0.25	0.90
Licensing of distribution rights for Software Products and related services	Persistent Systems Limited	Holding company	3.28	13.28
Sale of software service	Persistent Systems Limited	Holding company	24,921.39	3,701.94
	Persistent Systems France SAS	Fellow subsidiary	-	2.97
	Persistent Telecom Solutions, Inc.	Wholly owned subsidiary	115.59	87.44
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	Wholly owned subsidiary	-	9.93
	Software Corporation International	Wholly owned subsidiary	-	49.23
	MediaAgility Inc.	Wholly owned subsidiary	9.37	139.74
	Starfish Associates, LLC	Wholly owned subsidiary	63.70	-
	Aepona Group Limited	Wholly owned subsidiary	0.04	-
Interest Income	Persistent Systems México, S.A. de C.V.	Wholly owned subsidiary	5.49	6.10
	Persistent Systems Germany GmbH	Fellow subsidiary	41.72	30.06
	Youperience Germany GmbH	Fellow subsidiary	-	1.48
	PARX Consulting GmbH	Fellow subsidiary	-	1.20
	Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	Fellow subsidiary	-	0.50
	CAPIOT Software Inc	Wholly owned subsidiary	-	0.11
	Persistent Systems France SAS	Fellow subsidiary	11.62	12.88
	Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)	Wholly owned subsidiary	9.72	5.73
	Persistent Systems S.R.L.- Romania	Fellow subsidiary	2.38	2.13
	Persistent Systems Poland Sp. z o.o.	Wholly owned subsidiary	0.47	-
Intercompany Dividend Income	Software Corporation International	Wholly owned subsidiary	-	248.44
Expenses				
Salaries, wages and bonus	Persistent Systems Limited	Holding company	0.26	-
Cost of technical professionals	Persistent Systems Limited	Holding company	2,486.27	22,412.88
	Persistent Systems France SAS	Fellow subsidiary	0.36	19.73
	Persistent Systems Lanka (Private) Limited	Wholly owned subsidiary	6.07	55.76
	Persistent Systems México, S.A. de C.V.	Wholly owned subsidiary	0.78	847.11
	Persistent Systems Israel Limited	Wholly owned subsidiary	-	2.70
	Persistent Systems Malaysia Sdn. Bhd.	Company under same	-	8.45
	Persistent Telecom Solutions, Inc.	Wholly owned subsidiary	1.11	21.68
	Persistent Systems Germany GmbH	Fellow subsidiary	-	22.96
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	Wholly owned subsidiary	28.17	20.91
	Persistent Systems Pte. Limited	Fellow subsidiary	-	10.07
	Persistent Systems S.R.L.- Romania	Fellow subsidiary	-	63.48
	Aepona Group Limited	Wholly owned subsidiary	-	3.45
	Persistent Systems Switzerland AG (Formerly known as PARX)	Fellow subsidiary	29.43	2.37
	Persistent Systems Costa Rica Limitada (Formerly known as Data Glove IT Solutions Limitada, Costa Rica)	Fellow subsidiary	135.12	195.12
	Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)	Wholly owned subsidiary	-	24.78
	Persistent Systems Poland Sp. z o.o.	Wholly owned subsidiary	-	3.70
Commission on sale	Persistent Telecom Solutions, Inc.	Wholly owned subsidiary	-	1.93
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	Wholly owned subsidiary	-	2.60
	Persistent Systems Limited	Holding company	-	58.02

Persistent Systems, Inc.

Notes forming part of special purpose financial statements

II. Related party transactions (Continued)

Particulars	Name of the related Party	Relationship with the Related Party	For the year ended	
			March 31, 2025 (In ₹ Million)	March 31, 2024 (In ₹ Million)
Corporate guarantee fees	Persistent Systems Limited	Holding company	3.11	6.34
	Persistent Systems France SAS	Fellow subsidiary	-	12.45
Interest Cost	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	Wholly owned subsidiary	0.29	6.77
	MediaAgility Inc.	Wholly owned subsidiary	27.67	26.33
	Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	Fellow subsidiary	0.11	0.38
Traveling and conveyance	Persistent Systems Limited	Holding company	-	21.72
Legal and professional fees	Persistent Systems Limited	Holding company	-	0.04
	Persistent Systems Poland Sp. z o.o.	Wholly owned subsidiary	-	0.16
	Persistent Systems S.R.L	Wholly owned subsidiary	-	5.52
Repairs and maintenance	Persistent Systems Limited	Holding company	-	9.02
Loans given**	Persistent Systems France SAS	Fellow subsidiary	171.17	151.39
	Persistent Systems Germany GmbH	Fellow subsidiary	93.45	518.92
	Persistent Systems S.R.L.- Romania	Fellow subsidiary	-	33.13
	Persistent Systems Poland Sp. z o.o.	Wholly owned subsidiary	108.84	-
	Persistent Systems México, S.A. de C.V.	Wholly owned subsidiary	30.13	-
Repayment of loans given**	Persistent Systems France SAS	Fellow subsidiary	90.75	115.94
	Persistent Systems México, S.A. de C.V.	Wholly owned subsidiary	115.79	-
	CAPIOT Software Inc	Wholly owned subsidiary	-	43.60
	PARX Consulting GmbH	Fellow subsidiary	-	65.92
	Persistent Systems Germany GmbH	Fellow subsidiary	-	62.76
	Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	Fellow subsidiary	-	51.73
	Youperience Germany GmbH	Fellow subsidiary	-	84.06
	Persistent Systems S.R.L.- Romania	Fellow subsidiary	15.15	-
	Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)	Wholly owned subsidiary	31.10	-
	Persistent Systems Poland Sp. z o.o.	Wholly owned subsidiary	21.64	-
Loans taken**	MediaAgility Inc.	Wholly owned subsidiary	184.99	-
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	Wholly owned subsidiary	-	-
	Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	Fellow subsidiary	-	37.37
Repayment of loans taken**	MediaAgility Inc.	Wholly owned subsidiary	42.25	-
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	Wholly owned subsidiary	83.45	-
	Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	Fellow subsidiary	37.67	-
Investment in wholly owned subsidiary**	Persistent Systems Poland Sp. z o.o.	Wholly owned subsidiary	-	0.10
	Starfish Associates, LLC	Wholly owned subsidiary	1,626.34	-
Managerial remuneration	Thomas Klein (including value of stock options ₹ 118.50 during the year (Previous year: ₹ 32.19 Million))	Key management personnel	173.51	75.97
	Mr. Sandeep Kalra (including value of stock options ₹ 1,342.18 during the year (Previous year: ₹ 637.7 Million))	Key management personnel	1,498.87	762.73

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

Persistent Systems, Inc.

Notes forming part of special purpose financial statements

III. Related party balances

Particulars	Name of the related Party	Relationship with the Related Party	As at	
			March 31, 2025 (In ₹ Million)	March 31, 2024 (In ₹ Million)
Share capital	Persistent Systems Limited	Holding company	4,729.74	4,729.74
Trade payables	Persistent Systems Limited	Holding company	3,767.20	8,696.09
	Persistent Systems France SAS	Fellow subsidiary	-	5.33
	Persistent Systems Lanka (Private) Limited	Wholly owned subsidiary	104.70	96.17
	Persistent Systems México, S.A. de C.V.	Wholly owned subsidiary	-	157.19
	Persistent Telecom Solutions, Inc.	Wholly owned subsidiary	181.75	192.93
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	Wholly owned subsidiary	4.43	9.81
	Persistent Systems Pte. Limited	Fellow subsidiary	-	1.33
	Persistent Systems Costa Rica Limitada (Formerly known as Data Glove IT Solutions Limitada, Costa Rica)	Fellow subsidiary	52.07	33.59
	DIGITALAGILITY S DE RL DE CV	Wholly owned subsidiary	0.66	0.64
	Persistent Systems S.R.L.- Romania	Fellow subsidiary	-	16.19
	Aepona Group Limited	Wholly owned subsidiary	40.10	3.48
	Persistent Systems Israel Ltd.	Wholly owned subsidiary	2.51	2.45
	Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	Fellow subsidiary	-	1.08
	Persistent Systems Malaysia Sdn. Bhd.	Company under same	-	8.51
	Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)	Wholly owned subsidiary	-	17.37
	Persistent Systems Poland Sp. z o.o.	Wholly owned subsidiary	-	3.65
	Persistent Systems Germany GmbH	Fellow subsidiary	-	1.00
	MediaAgility Inc.	Wholly owned subsidiary	37.13	-
Other payables	Persistent Systems Limited	Holding company	6,164.30	-
	Persistent Systems Germany GmbH	Fellow subsidiary	0.89	-
	Persistent Telecom Solutions, Inc.	Wholly owned subsidiary	1.39	-
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	Wholly owned subsidiary	132.69	-
Trade receivables	Persistent Systems Limited	Holding company	6,212.81	1,442.85
	Persistent Systems France SAS	Fellow subsidiary	58.91	44.95
	Persistent Telecom Solutions, Inc.	Wholly owned subsidiary	130.28	162.12
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	Wholly owned subsidiary	-	5.82
	MediaAgility Inc.	Wholly owned subsidiary	7.47	17.39
	Starfish Associates, LLC	Wholly owned subsidiary	62.89	-
Other receivables	Persistent Systems Limited	Holding company	28.81	-
	Persistent Telecom Solutions, Inc.	Wholly owned subsidiary	5.98	-
Unearned revenue	Persistent Systems Limited	Holding company	1.30	2.28
Loans given	Persistent Systems México, S.A. de C.V.	Wholly owned subsidiary	-	81.72
	Persistent Systems Germany GmbH	Fellow subsidiary	787.61	673.95
	Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)	Wholly owned subsidiary	106.85	138.36
	Persistent Systems France SAS	Fellow subsidiary	222.34	139.52
	Persistent Systems S.R.L.- Romania	Fellow subsidiary	19.23	33.36
	Persistent Systems Poland Sp. z o.o.	Wholly owned subsidiary	85.47	-
Loans received	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	Wholly owned subsidiary	-	83.40
	MediaAgility Inc.	Wholly owned subsidiary	700.85	542.10
	Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	Fellow subsidiary	-	36.85
Payable to related parties (including advances)	Persistent Systems Limited	Holding company	160.30	2,558.81
	Persistent Telecom Solutions, Inc.	Wholly owned subsidiary	-	2.18
	Aepona Group Limited	Wholly owned subsidiary	-	39.13
	Persistent Systems Poland Sp. z o.o.	Wholly owned subsidiary	-	0.08
	Software Corporation International	Wholly owned subsidiary	-	0.65
	Persistent Systems Malaysia Sdn. Bhd.	Company under same	-	1.58
	MediaAgility Inc.	Wholly owned subsidiary	-	36.22
	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	Wholly owned subsidiary	18.82	24.83

Persistent Systems, Inc.

Notes forming part of special purpose financial statements

III. Related party balances (Continued)

Particulars	Name of the related Party	Relationship with the Related Party	As at	
			March 31, 2025 (In ₹ Million)	March 31, 2024 (In ₹ Million)
Interest receivable	Persistent Systems México, S.A. de C.V.	Wholly owned subsidiary	-	6.79
	Persistent Systems Germany GmbH	Fellow subsidiary	62.43	19.38
	Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)	Wholly owned subsidiary	1.53	2.21
	Persistent Systems France SAS	Fellow subsidiary	6.40	4.24
	Persistent Systems S.R.L.- Romania	Fellow subsidiary	0.92	0.66
	Persistent Systems Poland Sp. z o.o.	Wholly owned subsidiary	0.46	-
Interest payable	Persistent Systems UK Ltd. (Formerly known as Aepona Ltd)	Wholly owned subsidiary	-	1.75
	MediaAgility Inc.	Wholly owned subsidiary	56.24	27.66
	Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	Fellow subsidiary	-	0.14
Advances given *	Persistent Systems Limited	Holding company	11.06	-
	Persistent Systems France SAS	Fellow subsidiary	11.14	5.56
	Persistent Telecom Solutions, Inc.	Wholly owned subsidiary	2.11	0.01
	MediaAgility Inc.	Wholly owned subsidiary	86.76	42.26
	Software Corporation International	Wholly owned subsidiary	-	4.51
	Persistent Systems Germany GmbH	Fellow subsidiary	5.08	6.78
	Persistent Systems S.R.L.- Romania	Fellow subsidiary	0.17	-
Investment	Persistent Telecom Solutions, Inc. @	Wholly owned subsidiary	529.91	517.08
	Aepona Group Limited @	Wholly owned subsidiary	192.91	188.23
	Persistent Systems México, S.A. de C.V.	Wholly owned subsidiary	4.62	4.50
	Persistent Systems Israel Limited	Wholly owned subsidiary	8.64	8.43
	Herald Technologies, Inc.	Wholly owned subsidiary	2.00	2.00
	Software Corporation International	Wholly owned subsidiary	-	2,807.04
	Persistent Systems Australia Pty Ltd. (Formerly known as CAPIOT Software Pty Ltd)	Wholly owned subsidiary	0.00	0.00
	MediaAgility Inc.	Wholly owned subsidiary	5,196.71	5,070.85
	Persistent Systems Poland Sp. z o.o.	Wholly owned subsidiary	0.10	0.10
	Starfish Associates, LLC	Wholly owned subsidiary	1,660.71	-

* There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

@ These balances are fully provided

Notes forming part of special purpose financial statements**29. Income taxes**

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

	For the year ended	
	March 31, 2025 (In ₹ Million)	March 31, 2024 (In ₹ Million)
Profit before tax (a)	568.44	1,657.32
Enacted tax rate (b)	21.00%	21.00%
Computed tax expense at enacted tax rate (c) = (a) * (b)	119.37	348.04
Additional tax benefits/Non-deductible expenses (Net)	611.97	13.87
Excess tax benefits on stock-based compensation	(441.51)	(262.02)
Effect of Prior Period Tax	(20.96)	70.89
Income exempt from tax	(313.49)	(166.70)
Change in Tax rate	62.99	-
Others	(47.25)	59.47
Income tax expense	(28.88)	63.55

The company along with its subsidiary companies has decided to opt for filing consolidated income tax return in compliance with the applicable tax regulations in the United States from financial year 2014-15.

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Notes forming part of special purpose financial statements

30(a). Financial assets and liabilities

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

Financial assets/ financial liabilities	As at March 31, 2025		As at March 31, 2024		Fair value hierarchy
	FVTPL	Amortised Cost	FVTPL	Amortised Cost	
Financial assets:					
Investments in subsidiaries	-	-	-	-	Level 3
Investments in common stocks / preferred stocks	368.23	-	150.82	-	
Loans	-	1,293.24	-	1,100.20	
Cash and cash equivalents	-	1,221.89	-	1,160.51	
Trade receivables (net)	-	7,904.19	-	11,531.29	
Unbilled revenue	-	6.62	-	3,311.02	
Other non-current financial assets	-	20.84	-	20.34	
Other current financial assets	-	186.60	-	108.09	
Total financial assets	368.23	10,633.38	150.82	17,231.45	
Financial liabilities:					
Borrowings	-	-	-	2,059.52	Level 3
Trade payables	-	5,371.98	-	13,383.88	
Lease liabilities	-	348.76	-	460.96	
Liability towards contingent consideration	1,114.85	-	2,464.55	-	
Other non-current financial liabilities	-	757.09	-	691.90	
Other current financial liabilities	-	7,039.43	-	3,388.57	
Total financial liabilities	1,114.85	13,517.26	2,464.55	19,984.83	

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.

The following valuation techniques are used for instruments categorised in Level 3:

Investments in common stocks / preferred stocks (Level 3)

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.

Persistent Systems, Inc.

Notes forming part of special purpose financial statements

Liability towards contingent consideration (Level 3)

The fair value of contingent consideration related to the acquisition of subsidiaries/business units (Refer Note 17(a) and 19) is estimated using a present value technique. The ₹ 1,114.85 Million fair value is estimated by probability-weighting the estimated future cash outflows adjusting for risk and discounting at 3%-5.6%. The probability-weighted cash outflows before discounting are ₹ 1148.60 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%-5.6%, based on the Group's estimated incremental borrowing rate for unsecured liabilities at the reporting date, and therefore reflects the Group'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:

	Investments in common stocks / preferred stocks	Liability towards contingent consideration
		(In ₹ Million)
Balance at April 1, 2023	169.13	5,262.25
Change in fair value of investment	(20.85)	(743.03)
Disposed during the year	-	(2,113.05)
Effect of foreign currency translation from functional currency to reporting currency	2.54	58.38
Balance at March 31, 2024	150.82	2,464.55
Balance at April 1, 2024	150.82	2,464.55
Acquired during the year	213.67	616.43
Disposed during the year	-	(509.58)
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	5.27
Balance at 31 March 2025	368.23	1,114.85
Total amount included in profit and loss account for unrealised gains/ losses on Level 3 instruments	-	(1,461.82)

The carrying amounts of other financial assets and liabilities measured at amortised cost are considered a reasonable approximation of fair value largely due to the short-term nature of these instruments.

Notes forming part of special purpose financial statements**30(b). Financial risk management****Financial risk factors and risk management objectives**

The Company's activities expose it to a variety of financial risks: 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 Company does not foresee any major foreign exchange risk as majority of the revenue is generated and expenses are incurred in the Company's functional currency. The Company's exposure to credit risk is mainly for receivables that are overdue for more than 90 days. The Credit Task Force of the Group is responsible for credit risk management. The liquidity needs are managed by funding from / to the group companies. The Group's Risk Management Committee monitors risks and policies implemented to mitigate risk exposures.

Market risk

The Company operates globally with its operations spread across various geographies and consequently the Company is exposed to foreign exchange risk.

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

	AUD	EUR	CAD	Other currencies	Total
Trade receivables	-	-	-	-	-
Other financial assets (including loans and interest accrued	106.85	958.66	-	-	1,065.51
Trade and other financial liabilities	-	-	1.30	7.23	8.53

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

	AUD	EUR	CAD	Other currencies	Total
Trade receivables	-	12.63	180.64	-	193.27
Other financial assets (including loans and interest accrued	108.34	813.48	-	-	921.82
Trade and other financial liabilities	-	3.95	0.94	7.28	12.17

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 ₹ 7,904.19 Million and ₹ 11,531.29 Million as at March 31, 2025 and March 31, 2024, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk is managed by the Company's 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.

Notes forming part of special purpose financial statements

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	As at March 31, 2024
Receivables overdue for more than 90 days	1,440.33	401.77
Total receivables	7,904.19	11,531.29
Overdue for more than 90 days as a % of total receivables	18%	3%

Ageing of trade receivables

	(In ₹ Million)	
	As at March 31, 2025	As at March 31, 2024
Within the credit period	843.14	10,459.35
1 to 30 days past due	3,376.52	-
31 to 60 days past due	1,828.28	721.10
61 to 90 days past due	728.73	68.89
91 to 120 days past due	251.89	-
121 and above past due	1,188.44	401.77
Less: Expected credit loss	(312.81)	(119.82)
Net trade receivables	7,904.19	11,531.29

Movement in expected credit loss allowance

	(In ₹ Million)	
	As at March 31, 2025	As at March 31, 2024
Opening balance	119.82	52.87
Movement in expected credit loss allowance (Including Translation differences)	192.99	66.95
Closing balance	312.81	119.82

Notes forming part of special purpose financial statements**Liquidity risk**

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

As at March 31, 2025, the Company had a working capital of ₹ (5,040.73) Million including cash and cash equivalents of ₹ 1,221.89 Million. As at March 31, 2024, the Company had a working capital of ₹ (6,937.67) Million including cash and cash equivalents of ₹ 1,160.51 Million.

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

	(In ₹ Million)			
	As at		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	-	-	1,962.22	97.30
Lease Liabilities	117.72	266.76	145.78	375.18
Trade payables	5,371.98	-	13,383.88	-
Other financial liabilities	7,917.21	994.16	5,853.12	691.90

Price risk

The Company's exposure to price risk arises from investments held by the Company and classified in the balance sheet as fair value through Profit and Loss. To manage its price risk arising from investments, the Company diversifies its portfolio.

Sensitivity

The table below summarises the impact of increases/decreases of the Company's profit for the year and other equity. The analysis is based on the assumption that the fair value of investments had increased by 5% decreased by 5% with all other variables held constant.

	(In ₹ Million)	
	As at	As at
	March 31, 2025	March 31, 2024
Increase in fair value of investments by 5%	18.41	7.54
Decrease in fair value of investments by 5%	(18.41)	(7.54)

Persistent Systems, Inc.

Notes forming part of special purpose financial

30(c). Un-hedged foreign currency exposures

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 (₹)
Trade and other payables	2.38	GBP 0.02	110.63	2.98	GBP 0.03	105.27
	1.30	CAD 0.02	59.56	0.94	CAD 0.02	61.38
	0.24	EUR 0.00*	92.46	3.95	EUR 0.04	90.01
	4.85	ILS 0.21	23.12	3.85	ILS 0.17	22.64
Advances given and deposits placed	958.66	EUR 10.37	92.46	813.48	EUR 0.02	90.01
	106.85	AUD 2.00	53.43	108.34	AUD 0.01	54.17
Trade receivables	-	EUR 0.00	-	12.63	EUR 0.14	90.01
	-	CAD 0.00	-	180.64	CAD 2.94	61.38

* EUR 0.00 Million represents value less than EUR 5,000

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Notes forming part of special purpose financial statements

31. 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	Total current assets	Total current liabilities	0.66	0.70	(5.71%)	-
(b) Debt-Equity Ratio	%	Debt	Average shareholder's equity	0.00%	43.54%	(100.00%)	Refer note 1
(c) Debt Service Coverage Ratio	Number	Earnings available for debt service	Debt service within a year	1.81	1.07	69.16%	Refer note 2
(d) Return on Equity Ratio	%	Net profit after tax	Average shareholder's equity	71.44%	33.70%	112.01%	Refer note 2
(e) Trade Receivables turnover ratio #	Days	Average trade receivables	Revenue from operations	123	71	73.24%	Refer note 2
(f) Trade payables turnover ratio #	Days	Average trade payables	Cost of professionals and other expenses + non-cash adjustments	439	104	322.12%	Refer note 2
(g) Net capital turnover ratio	Number	Revenue from operations	Working capital	(5.10)	(8.34)	(38.89%)	Refer note 2
(h) Net profit ratio	%	Net profit after tax	Revenue from operations	13.1%	2.8%	377.52%	Refer note 2
(i) Return on Capital employed	%	Profit before interest and taxes	Capital employed	37.24%	18.23%	104.30%	Refer note 2
# The ratio is stated in terms of Days Sales Outstanding							

Note 1

On account of full repayment of borrowings

Note 2

On account of internally reorganised business operations (refer note 40)

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Notes forming part of special purpose financial statements

32. Contingent Liability and Capital commitments

- a. The Company does not have any contingent liability as at March 31, 2025 (Previous year - Nil).
- b. The estimated amount of contracts remaining to be executed on Capital account and not provided for, net of advances is ₹ Nil (Previous year - Nil).

33. Auditors' remuneration

Particulars	For the year ended	
	March 31, 2025 In ₹ Million	March 31, 2024 In ₹ Million
Audit fee	2.00	2.11
Reimbursement of expenses	0.68	0.11
Total	2.68	2.22

34. Leases

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2025 and March 31, 2024 on an undiscounted basis:

Particulars	As at March 31, 2025 In ₹ Million	As at March 31, 2024 In ₹ Million
- Less than one year	117.72	145.78
- One to five years	266.76	375.18
- More than five years	-	-

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

Rental expense recorded for short-term leases was ₹ 10.53 Million for the year ended March 31, 2025 (Previous year : ₹ 11.96 Million).

- 35.** 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 1, 2024. The effect of this change on actual and expected depreciation expense is as follows:

Particulars	For the quarter ended				(In ₹ Million)	
					FY 2024-25	FY 2025-26
	June 30, 2024	Sept 30, 2024	Dec 31, 2024	Mar 31, 2025		
Decrease in depreciation expense	9.83	7.93	6.03	5.21	29.00	22.56

Notes forming part of special purpose financial statements

36. Other Disclosures

- a. The Company has not advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) to any other person or entity, including foreign entities ('the Intermediaries'), with the understanding (whether recorded in writing or otherwise), that the Intermediaries shall: (a) 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 (b) provide any guarantee, security or the like on behalf the Ultimate Beneficiaries.
- b. The Company has not received any fund from any other person or entity, including foreign entities ('the Funding parties'), with the understanding (whether recorded in writing or otherwise), that the Company shall: (a) 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 (b) provide any guarantee, security or the like on behalf the Ultimate Beneficiaries.
- c. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year ended 31 March 2025 and 31 March 2024.
- d. The Company has not revalued its property, plant and equipment during the financial year ended 31 March 2025 and 31 March 2024.
- 37.** The Company has dissolved, Software Corporation International, a wholly owned subsidiary of the Company, on June 27, 2024. This has resulted in a loss in the Statement of Profit and Loss on account of write down of the investments amounting to ₹ 2,781.65 million. This has been presented as an Exceptional Item.
- 38.** During the year ended, the Company has remeasured the contingent consideration payable towards acquisition of business to the erstwhile shareholders of MediaAgility Inc., Data Glove Incorporated and Software Corporation International & SCI Fusion 360, LLC amounting to ₹ 1,461.82 million (Previous year : ₹ 743.03 Million) based on a settlement agreement and expected payout assessed by management.
- 39.** Starfish Associates, LLC, USA has become a wholly owned subsidiary of the Company effective from August 1, 2024, upon completion of the necessary customary closing conditions.
- 40.** During the year ended, 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 for the year ended is not comparable with the previous year.
- 41. Previous year's comparatives**
Previous year's figures have been regrouped where necessary to conform to current year's classification. The impact of such regrouping is not material to financial statements.

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

Shashi Tadwalkar
Partner
Membership No. :- 101797

Place: USA
Date : April 21, 2025

For and on behalf of the Board of Directors of
Persistent Systems, Inc.

Anand Deshpande

Dr. Anand Deshpande
Director

Place: USA
Date : April 21, 2025

Tom Klein
Tom Klein (Apr 21, 2025 09:24 PDT)

Thomas Klein
Director

Place: USA
Date : April 21, 2025