

NSE & BSE / 2022-23 / 77
July 22, 2022

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

Ref: Symbol: PERSISTENT

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

Ref: Scrip Code: 533179

Dear Sir/Madam,

Sub: Audited Financial Statements for the quarter ended June 30, 2022

We wish to inform you that the Board of Directors at its meeting held on July 21, 2022, has approved the Audited Financial Statements for the quarter ended June 30, 2022.

Accordingly, please find enclosed the following documents:

1. Audited Consolidated Financial Statements for the quarter ended June 30, 2022;
2. Audited Unconsolidated Financial Statements for the quarter ended June 30, 2022.

Please acknowledge the receipt.

Thanking you,

Yours Sincerely,
For **Persistent Systems Limited**

Amit Atre
Company Secretary
ICSI Membership No.: A20507

Encl: As above

Walker Chandio & Co LLP

3rd floor, Unit No. 309 to 312,
West Wing, Nyati Unitree
Nagar Road, Yerwada,
Pune - 411006
Maharashtra, India

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Independent Auditor's Report on the Audit of the Condensed Interim Consolidated Financial Statements for the quarter ended 30 June 2022

To the Board of Directors of Persistent Systems Limited

Opinion

1. We have audited the accompanying condensed interim consolidated financial statements of **Persistent Systems Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Condensed Consolidated Balance Sheet as at **30 June 2022**, the Condensed Interim Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Condensed Consolidated Statement of Cash Flows and the Condensed Consolidated Statement of Changes in Equity for the quarter ended on that date, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate condensed interim financial statements of the subsidiaries and associate, the aforesaid condensed interim consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in accordance with Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34') specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended), and other generally accepted accounting principles in India, of the consolidated state of affairs of the Group as at 30 June 2022, its consolidated profit (including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the quarter ended on that date.

Basis for Opinion

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

8



Emphasis of Matter

4. We draw attention to note 38 of the condensed interim consolidated financial statements, which describes receipt of a whistle blower complaint relating to certain irregularities in the talent acquisition process of the Company and the actions taken by the management. Our opinion is not modified in respect of this matter.

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

5. The accompanying condensed interim consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these condensed interim consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with Ind AS 34 specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other generally accepted accounting principles in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the condensed interim consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.
6. In preparing the condensed interim consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
7. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

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

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



9. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding 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.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed interim consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the condensed interim consolidated financial statements, including the disclosures, and whether the condensed interim consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the condensed interim consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the condensed interim consolidated financial statements of such entities included in the condensed interim consolidated financial statements, of which we are the independent auditors. For the other entities included in the condensed interim consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
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.



Persistent Systems Limited

Independent Auditor's Report on the Audit of the Condensed Interim Consolidated Financial Statements for the quarter ended 30 June 2022

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

Other Matters

12. We did not audit the condensed interim financial statements of twenty nine subsidiaries, whose condensed interim financial statements (before eliminating intercompany balances/transactions) reflect total assets of 12,764.57 million and net assets of 3,325.12 as at 30 June 2022, total revenues of 2,339.49 million and net cash outflows amounting to 589.59 million for the quarter ended on that date, as considered in the condensed interim consolidated financial statements whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the condensed interim consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

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

For Walker Chandio & Co LLP

Chartered Accountants

Firm's Registration No:001076N/N500013



Shashi Tadwalkar

Partner

Membership No:101797



UDIN:22101797ANKHJE3295

Place: Pune

Date: 21 July 2022

Persistent Systems Limited
Independent Auditor's Report on the Audit of the Condensed Interim Consolidated Financial Statements for the quarter ended 30 June 2022

Annexure 1

List of entities included

Sr. No.	Name of Entity	Relationship
1	Persistent Systems Limited (PSL)	Holding Company
2	Persistent Systems, Inc. (PSI)	Wholly owned subsidiary of PSL
3	Persistent Systems Pte Ltd.	Wholly owned subsidiary of PSL
4	Persistent Systems France SAS	Wholly owned subsidiary of PSL
5	Persistent Systems Malaysia Sdn. Bhd.	Wholly owned subsidiary of PSL
6	Persistent Systems Germany GmbH (PSGG)	Wholly owned subsidiary of PSL
7	Persistent Telecom Solutions Inc.	Wholly owned subsidiary of PSI
8	Aepona Group Limited (AGL)	Wholly owned subsidiary of PSI
9	Aepona Limited	Wholly owned subsidiary of AGL
10	Youperience GmbH (YGmbH)	Wholly owned subsidiary of PSGG
11	Youperience Limited	Wholly owned subsidiary of YGmbH
12	Persistent Systems Lanka (Private) Limited	Wholly owned subsidiary of AGL
13	Persistent Systems Mexico, S.A. de C.V.	Wholly owned subsidiary of PSI
14	Persistent Systems Israel Ltd	Wholly owned subsidiary of PSI
15	PARX Werk AG	Wholly owned subsidiary of PSGG
16	PARX Consulting GmbH	Wholly owned subsidiary of PARX Werk AG
17	Capiot Software Private Limited	Wholly owned subsidiary of PSL
18	Capiot Software Inc. (Capiot US)	Wholly owned subsidiary of PSI
19	Capiot Software Pty Limited	Wholly owned subsidiary of Capiot US
20	Capiot Software Pte Limited	Wholly owned subsidiary of Capiot US
21	Persistent Systems S.R.L.	Wholly owned subsidiary of PSI
22	Software Corporation International (Acquired w.e.f. 5 October 2021)	Wholly owned subsidiary of PSI
23	SCI Fusion360 LLC (Acquired w.e.f. 5 October 2021)	Wholly owned subsidiary of PSI
24	Data Glove IT Solutions Limitada (Acquired w.e.f. March 1, 2022)	Wholly owned subsidiary of PSGG
25	Persistent Systems S.r.l. (Formed w.e.f. June 17, 2022)	Wholly owned subsidiary of PSGG
26	MediaAgility Inc. (MAI) (Acquired w.e.f. May 4, 2022)	Wholly owned subsidiary of PSI
27	MediaAgility Pte. Ltd. (Acquired w.e.f. May 4, 2022)	Wholly owned subsidiary of MAI
28	MediaAgility UK Ltd. (Acquired w.e.f. May 4, 2022)	Wholly owned subsidiary of MAI
29	Digitalagility S de RL de CV (Acquired w.e.f. May 4, 2022)	Wholly owned subsidiary of MAI
30	MediaAgility India Private Limited (Acquired w.e.f. April 29, 2022)	Wholly owned subsidiary of PSL
31	PSPL ESOP Management Trust (Controlled w.e.f. April 1, 2022)	Controlled ESOP Trust



Persistent Systems Limited

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2022

	Notes	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
ASSETS				
Non-current assets				
Property, plant and equipment	5.1	3,015.04	2,379.37	2,917.67
Capital work-in-progress		1,208.93	110.61	1,071.20
Right of use assets	5.2	1,834.65	1,102.04	1,358.21
Goodwill	5.3	2,879.86	108.93	2,790.22
Other Intangible assets	5.4	13,195.75	1,342.59	8,269.63
		22,137.23	6,043.54	16,406.93
Financial assets				
- Investments	6	4,368.21	3,608.85	3,877.72
- Loans	7	-	-	3,522.00
- Other non-current financial assets	8	720.16	230.61	340.74
Deferred tax assets (net)	9	1,223.46	1,098.97	1,122.72
Other non-current assets	10	1,193.08	580.47	531.61
		29,642.16	10,562.44	26,801.72
Current assets				
Financial assets				
- Investments	11	1,821.62	9,292.04	4,346.91
- Trade receivables (net)	12	11,991.85	6,210.06	9,484.29
- Cash and cash equivalents	13	3,576.51	2,029.02	2,977.99
- Bank balances other than cash and cash equivalents	14	4,626.04	4,983.65	6,166.59
- Loans	15	-	-	-
- Other current financial assets	16	4,424.02	2,911.94	3,231.00
Current tax assets (net)		193.38	271.84	179.57
Other current assets	17	2,317.92	2,103.94	1,952.90
		28,951.34	27,802.49	28,339.25
TOTAL		58,593.50	38,364.93	54,140.97
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	18	764.25	764.25	764.25
Other equity		32,417.53	28,852.15	32,917.95
		33,181.78	29,616.40	33,682.20
LIABILITIES				
Non-current liabilities				
Financial liabilities				
- Borrowings	19	3,581.72	45.73	2,800.79
- Lease liabilities	20	1,478.67	998.48	1,114.29
- Other financial liabilities	23	2,780.29	-	2,088.60
Provisions	21	347.96	272.67	245.54
		8,188.64	1,316.88	6,249.22
Current liabilities				
Financial liabilities				
- Borrowings	19	2,141.03	2.02	1,524.56
- Lease liabilities	20	372.34	192.85	342.58
- Trade payables	22	-	-	-
- Total outstanding dues of micro and small enterprises		18.16	10.68	10.30
- Total outstanding dues of creditors other than micro and small enterprises		5,581.44	2,972.14	4,288.41
- Other financial liabilities	23	3,292.10	168.39	2,173.60
Other current liabilities	24	2,370.51	1,867.88	1,571.72
Provisions	25	2,889.01	1,788.63	3,949.66
Current tax liabilities (net)		558.39	428.96	348.72
		17,223.08	7,431.55	14,205.55
TOTAL		58,593.50	38,364.93	54,140.97

Summary of significant accounting policies 4

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

As per our report of even date

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No.: 001076/NIN/500013

Shashi Tadwalkar
Shashi Tadwalkar
Partner

Membership No. - 101797

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

Sandeep Kalra
Sandeep Kalra (Signature)
Date: 22-07-2022

Anand Deshpande

Dr. Anand Deshpande
Chairman and Managing
Director
DIN: 00005721

Place: Pune
Date: July 21, 2022

Sandeep Kalra
Executive Director and
Chief Executive Officer
DIN: 02506494

Place: Pune
Date: July 21, 2022

Praveen Purushottam Kadle
Praveen Purushottam Kadle
Independent Director

Praveen Kadle
Independent Director
DIN: 00016814

Place: Pune
Date: July 21, 2022

Sunil Sapre

Sunil Sapre (Signature)
Date: 22-07-2022

Sunil Sapre
Executive Director and Chief
Financial Officer
DIN: 05475942

Place: Pune
Date: July 21, 2022

Amit Atre

Amit Atre (Signature)
Date: 22-07-2022

Amit Atre
Company Secretary
Membership No. A20597

Place: Pune
Date: July 21, 2022



Persistent Systems Limited

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED JUNE 30, 2022

	Notes	For the quarter ended		For the year ended
		June 30, 2022	June 30, 2021	March 31, 2022
		In ₹ Million	In ₹ Million	In ₹ Million
Income				
Revenue from operations (net)	26	18,781.11	12,299.26	57,107.46
Other income	27	209.78	388.03	1,439.55
Total income (A)		18,990.89	12,687.29	58,547.01
Expenses				
Employee benefits expense	28.1	11,106.69	7,323.69	34,593.10
Cost of professionals	28.2	2,602.82	1,804.25	7,974.18
Finance costs (refer note 37)		78.83	22.62	118.35
Depreciation and amortization expense	5.5	645.12	350.09	1,660.12
Other expenses	29	1,738.68	1,156.12	4,958.47
Total expenses (B)		16,172.14	10,656.77	49,304.22
Profit before tax (A - B)		2,818.75	2,030.52	9,242.79
Tax expense				
Current tax		693.45	547.36	2,322.85
Tax (credit) / charge in respect of earlier periods/ years		-	(13.73)	42.57
Deferred tax charge / (credit)		9.18	(15.59)	(26.49)
Total tax expense		702.63	518.04	2,338.93
Profit for the period/ year (C)		2,116.12	1,512.48	6,903.86
Other comprehensive income				
Items that will not be reclassified to profit or loss (D)				
- Remeasurements of the defined benefit liabilities / asset		68.31	(81.46)	(248.05)
- Income tax effect on above		(16.11)	19.74	64.18
		52.20	(61.72)	(183.87)
Items that may be reclassified to profit or loss (E)				
- Effective portion of cash flow hedge		(284.03)	(127.09)	(130.49)
- Income tax effect on above		71.48	31.99	32.84
- Exchange differences in translating the financial statements of foreign operations		156.00	128.31	138.96
		(56.55)	33.21	41.31
Total other comprehensive income for the period/year (D) + (E)		(4.35)	(28.51)	(142.56)
Total comprehensive income for the period/year (C) + (D) + (E)		2,111.77	1,483.97	6,761.30
Earnings per equity share	30			
[Nominal value of share ₹10 (Corresponding period / Previous year: ₹10)]				
Basic (In ₹)		28.50	19.79	90.34
Diluted (In ₹)		27.69	19.79	90.34

Summary of significant accounting policies

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

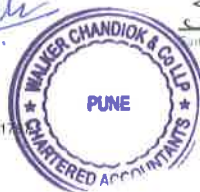
As per our report of even date

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

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

Shashi Tadwalkar
Shashi Tadwalkar

Partner
Membership No. - 10178



Sandeep Kalra
Sandeep Kalra

Dr. Anand Deshpande
Chairman and Managing
Director

DIN: 00005721

Place: Pune
Date: July 21, 2022

Sandeep Kalra
Executive Director and
Chief Executive Officer

DIN: 02506494

Place: Pune
Date: July 21, 2022

Praveen
Purushottam
Kadlie

Praveen Kadlie
Independent Director

DIN: 00016814

Place: Pune
Date: July 21, 2022

Sunil Sapre

Sunil Sapre (Jul 21, 2022 22:59 GMT+5.5)

Sunil Sapre
Executive Director and
Chief Financial Officer
DIN: 06475949

Place: Pune
Date: July 21, 2022

Amit Atre

Amit Atre (Jul 21, 2022 22:46 GMT+5.5)

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date: July 21, 2022

Place: Pune
Date: July 21, 2022



Persistent Systems Limited
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED JUNE 30, 2022

	For the quarter ended June 30, 2022 In ₹ Million	For the quarter ended June 30, 2021 In ₹ Million	For the year ended March 31, 2022 In ₹ Million
Cash flow from operating activities			
Profit before tax	2,818.75	2,030.52	9,242.79
Adjustments for:			
Interest income	(114.28)	(120.02)	(600.22)
Finance costs	78.83	22.62	118.35
Depreciation and amortization expense	645.12	350.09	1,660.12
Unrealised exchange loss/ (gain) (net)	(1.02)	(23.88)	(25.92)
Change in foreign currency translation reserve	(252.44)	51.33	305.64
Exchange (gain) / loss on derivative contracts	(79.30)	43.71	79.38
Exchange loss / (gain) on translation of foreign currency cash and cash equivalents	(19.47)	(7.48)	1.70
Bad debts	-	-	65.27
(Reversal) / Allowance for expected credit loss (net)	(4.48)	(20.69)	(105.06)
Employee stock compensation expenses	333.46	175.89	950.23
Loss / Impairment of non current investments	-	73.53	148.40
Remeasurements of the defined benefit liabilities / asset (before tax effects)	68.31	(41.98)	(183.87)
Impairment of loan	-	-	-
Excess provision in respect of earlier periods / years written back	(3.68)	(10.73)	(66.00)
Profit on sale/ fair valuation of financial assets designated as FVTPL	(18.69)	(2.21)	(354.30)
Profit on sale of investments (net)	-	(106.48)	-
Profit on sale of property, plant and equipment (net)	1.21	(0.03)	(12.45)
Operating profit before working capital changes	3,452.32	2,414.19	11,224.06
Movements in working capital :			
Decrease in non-current and current loans	1.83	0.63	5.69
Increase in other non current assets	(32.42)	(106.66)	(147.89)
Increase in other current financial assets	(963.70)	(599.43)	(869.22)
Decrease / (Increase) in other current assets	(346.73)	(20.22)	146.71
(Increase)/ Decrease in trade receivables	(1,399.52)	(463.38)	(3,508.56)
Increase in trade payables, current liabilities and non current liabilities	1,407.02	950.57	2,489.72
Increase in provisions	(958.23)	(657.43)	1,476.47
Operating profit after working capital changes	1,160.57	1,518.27	10,816.98
Direct taxes paid (net of refunds)	(491.37)	(567.10)	(2,367.12)
Net cash generated from operating activities (A)	669.20	951.17	8,449.86
Cash flows from investing activities			
Payment towards capital expenditure (including intangible assets, capital advances and capital creditors)	(1,813.41)	(898.69)	(3,853.97)
Proceeds from sale of property plant and equipment	43.67	15.21	46.02
Acquisition of assets through business combinations including cash and cash equivalents ₹ 642.81 Million (Corresponding period: Nil / Previous year ₹ 61.07 million)	(4,090.89)	-	(6,154.02)
Purchase of bonds	-	(331.95)	(711.90)
Proceeds from sale/ maturity of bonds	-	177.88	499.95
Investments in mutual funds	(8,735.06)	(9,783.47)	(33,456.80)
Proceeds from sale / maturity of mutual funds	11,281.39	7,088.97	35,762.24
Maturity of bank deposits having original maturity over three months	1,299.70	2,219.21	1,121.92
Investments in deposits with financial institutions	(100.00)	-	(100.00)
Investment in common / preferred stocks	-	-	(123.61)
Loan to ESQP Trust	-	-	(3,522.00)
Interest received	143.83	272.64	718.74
Net cash used in investing activities (B)	(1,970.77)	(1,240.20)	(9,773.43)
Cash flows from financing activities			
Repayment of long term borrowings	-	-	(1.84)
Net proceeds from long term borrowings	1,397.36	-	4,280.99
Payment of lease liabilities	(188.88)	(86.17)	(350.83)
Interest paid	(78.79)	(22.56)	(118.38)
Dividends paid	-	-	(1,987.05)
Net cash generated from / (used in) financing activities (C)	1,129.69	(108.73)	1,822.89



	June 30, 2022	For the quarter ended June 30, 2021	March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million
Net increase in cash and cash equivalents (A + B + C)	(171.88)	(397.76)	499.32
Cash and cash equivalents at the beginning of the period / year	2,977.99	2,419.30	2,419.30
Cash and cash equivalents acquired on acquisition	642.81	-	61.07
Effect of exchange difference on translation of foreign currency cash and cash equivalents	19.47	7.48	(1.70)
Impact of consolidation of PSPL ESOP Trust	108.12	-	-
Cash and cash equivalents at the end of the period / year	3,576.51	2,029.02	2,977.99
Components of cash and cash equivalents			
Cash on hand (refer note 13)	0.38	0.42	0.24
Balances with banks			
On current accounts # (refer note 13)	2,706.33	1,436.88	2,337.96
On saving accounts (refer note 13)	25.60	7.50	1.64
On exchange earner's foreign currency accounts (refer note 13)	449.30	265.97	259.20
On deposit accounts with original maturity less than three months (refer note 13)	-	318.25	-
On escrow accounts** (refer note 13)	394.90	-	378.95
Cash and cash equivalents	3,576.51	2,029.02	2,977.99

Of the cash and cash equivalent balance as at June 30, 2022, the Group can utilise ₹ 128.11 million (Corresponding period : ₹ 227.86 million, Previous year: ₹ 35.75 million) only towards certain predefined activities specified in the agreement.

** The balance maintained in Escrow account will be released to selling shareholders on meeting specific conditions.

Summary of significant accounting policies - refer note 4

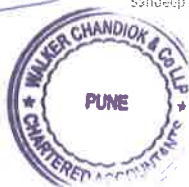
The accompanying notes are an integral part of the condensed interim consolidated financial statements.

As per our report of even date

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

Shashi Tadwalkar
Shashi Tadwalkar
Partner

Membership No. - 101797



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

Anand Deshpande

Sandeep Kalra
Sandeep Kalra (Jul 21, 2022 22:53 GMT+5.5)

Dr. Anand Deshpande
Chairman and Managing
Director

DIN 00005721

Place Pune

Date July 21, 2022

Sandeep Kalra
Executive Director and Chief
Executive Officer

DIN 02506494

Place Pune

Date July 21, 2022

Praveen
Purushottam
am Kadle

Praveen Kadle
Independent Director

DIN 00016814

Place Pune

Date July 21, 2022

Sunil Sapre

Sunil Sapre (Jul 21, 2022 22:53 GMT+5.5)

Sunil Sapre
Executive Director and Chief
Financial Officer

DIN 06475949

Place Pune

Date July 21, 2022

Amit Atre

Amit Atre (Jul 21, 2022 22:46 GMT+5.5)

Amit Atre
Company Secretary

Membership No. A20507

Place Pune

Date July 21, 2022

Place Pune

Date July 21, 2022



1 Nature of operations

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

The Board of Directors approved the consolidated financial statements for the quarter ended June 30, 2022 and authorised for issue on July 21, 2022.

Persistent Systems, Inc. (PSI) based in the USA, a wholly owned subsidiary of PSL, is engaged in software product, services and technology innovation.

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

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

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

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

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

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

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

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

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

Persistent Systems Germany GmbH (wholly owned subsidiary of Persistent Systems Limited) operates as the holding Company of PARX Werk AG, Youperience GmbH and Data Glove IT Solutions Limitada.

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

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

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

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

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

CAPIOT Software Private Limited (a India based wholly owned subsidiary of Persistent Systems Limited) is engaged in enterprise integration and modernization with expertise in MuleSoft, Red Hat and TIBCO.

CAPIOT Software Inc (a US based wholly owned subsidiary of Persistent Systems Inc) is engaged in enterprise and data integration services across platforms.

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

CAPIOT Software Pte Limited (a Singapore based wholly owned subsidiary of CAPIOT Software Inc) is engaged in enterprise and data integration services across platforms.

Persistent Systems SRL is a subsidiary of Persistent Systems Inc. and is incorporated on March 23, 2021.

Software Corporation International (a US based wholly owned subsidiary of Persistent Systems Inc) is specialized in payment solutions, integration, and support services for BFSI clients.

SCI Fusion360 LLC (a US based wholly owned subsidiary of Persistent Systems Inc) provides application development, maintenance, and support for leading payment platforms.

Kisma e-Services Private Limited was engaged in the business of internet, telecommunications, mobile technology and other media enabling electronic commerce. The Company was dissolved w.e.f. August 10, 2021.

MediaAgility India Private Limited (an India based wholly owned subsidiary of Persistent Systems Limited) (acquired with effect from April 29, 2022) is engaged in cloud-native application development and modernization, analytics and AI, cloud engineering, migrations, and managed services.

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

MediaAgility UK Limited (a UK based wholly owned subsidiary of Persistent Systems Inc) (acquired with effect from May 4, 2022) is cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner.

MediaAgility S de RL de CV (a Mexico based wholly owned subsidiary of Persistent Systems Inc) (acquired with effect from May 4, 2022) is cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner.

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

Persistent Systems S.R.L. Romania is incorporated on Jun 17, 2022 and a wholly owned subsidiary of Persistent Systems Germany GmbH.



2 Basis of preparation

2.1 Historical cost convention

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

2.2 Compliance with Ind AS

These condensed interim consolidated financial statements are prepared in accordance with Indian Accounting Standard (Ind AS) 34 Interim Financial Reporting as prescribed by Section 133 of the Companies Act 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2021 and guidelines issued by the Securities and Exchange Board of India (SEBI). These condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements under the applicable financial reporting framework.

2.3 Reclassifications consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24 March 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from 1 April 2021.

Consequent to above, the Group has changed the classification/presentation of (i) current maturities of long-term borrowings (ii) security deposits, of the corresponding period / previous year.

The current maturities of long-term borrowings (including interest accrued) has now been included in the 'Current borrowings' line item. Previously, current maturities of long-term borrowings and interest accrued were included in 'other financial liabilities' line item.

Further security deposits (which meet the definition of a financial asset as per Ind AS 32) have been included in 'other financial assets' line item. Previously, these deposits were included in 'loans' line item.

The Group has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1. The impact of such classifications is summarised below

Balance Sheet (extract)	June 30, 2021 (Previously Reported)	Increase / (Decrease)	June 30, 2021 (Restated)
Non-current assets			
Loans	189.30	(189.30)	-
Other non-current financial assets	41.31	189.30	230.61
Current liabilities			
Other financial liabilities	170.41	(2.02)	168.39
Borrowings	-	2.02	2.02

3 Principles of consolidation

The condensed interim consolidated financial statements of the Parent Company and its subsidiaries ('the Group') for the quarter ended June 30, 2022 are prepared in accordance with generally accepted accounting principles applicable in India, and the Indian Accounting Standard 110 (Ind AS 110) on 'Condensed Interim Consolidated Financial Statements', notified by Companies (Accounting Standards) Rules, 2015, ('Indian Accounting Standards') by and to the extent possible in the same format as that adopted by the Parent Company for its separate financial statements.

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

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

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

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

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

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Persistent Systems Limited
Notes forming part of condensed interim consolidated financial statements

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

Name of the subsidiary/ associate	Ownership Percentage as at			Country of incorporation
	June 30, 2022	June 30, 2021	March 31, 2022	
Persistent Systems, Inc.	100%	100%	100%	USA
Persistent Systems Pte Ltd.	100%	100%	100%	Singapore
Persistent Systems France SAS	100%	100%	100%	France
Persistent Telecom Solutions Inc.	100%	100%	100%	USA
Persistent Systems Malaysia Sdn. Bhd.	100%	100%	100%	Malaysia
Aepora Group Limited	100%	100%	100%	Ireland
Aepora Limited	100%	100%	100%	UK
Persistent Systems Lanka (Private) Limited	100%	100%	100%	Sri Lanka
Persistent Systems Mexico, S.A. de C.V.	100%	100%	100%	Mexico
Persistent Systems Israel Ltd.	100%	100%	100%	Israel
Persistent Systems Germany GmbH	100%	100%	100%	Germany
PARX Werk AG	100%	100%	100%	Switzerland
PARX Consulting GmbH	100%	100%	100%	Germany
Youperience GmbH	100%	100%	100%	Germany
Youperience Limited	100%	100%	100%	United Kingdom
CAPIOT Software Private Limited (Acquired w.e.f. October 29, 2020)	100%	100%	100%	India
CAPIOT Software Inc. (Acquired w.e.f. November 7, 2020)	100%	100%	100%	USA
CAPIOT Software Pty Limited (Acquired w.e.f. November 7, 2020)	100%	100%	100%	Australia
CAPIOT Software Pte Limited (Acquired w.e.f. November 7, 2020)	100%	100%	100%	Singapore
Persistent Systems S.R.L. (Incorporated on March 23, 2021)	100%	100%	100%	Italy
Software Corporation International (Acquired w.e.f. October 5, 2021)	100%	-	100%	USA
SCI Fusion360 LLC (Acquired w.e.f. October 5, 2021)	100%	-	100%	USA
Data Glove IT Solutions Limitada (Acquired w.e.f. March 1, 2022)	100%	-	100%	Costa Rica
Idiarna e-Services India Pvt. Ltd. (Dissolved w.e.f. August 10, 2021)	-	50%	-	India
MediaAgility India Private Limited (Acquired w.e.f. April 29, 2022)	100%	-	-	India
MediaAgility Inc. (Acquired w.e.f. May 4, 2022)	100%	-	-	USA
MediaAgility S de RL de CV (Acquired w.e.f. May 4, 2022)	100%	-	-	Mexico
MediaAgility UK Limited (Acquired w.e.f. May 4, 2022)	100%	-	-	UK
Media Agility Pte Ltd (Acquired w.e.f. May 4, 2022)	100%	-	-	Singapore
Persistent Systems S.R.L., Romania (Incorporated on Jun 17, 2022)	100%	-	-	Romania
PSPL ESOP Management Trust (Refer Note 1)	100%	-	-	India

Note 1: Consequent to amendment in the trust deed w.e.f. April 1, 2022, the Group has assessed PSPL ESOP Management Trust to be a controlled entity and accordingly the same has been consolidated w.e.f. April 1, 2022 on a prospective basis.



4 Critical accounting estimates

4.1 Use of estimates

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

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

The Group has considered all possible impacts of COVID-19 in the preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition owing to changes in cost budgets of fixed price contracts, impact on leases, impact on effectiveness of its hedges and impact on the recoverable amount of goodwill. The Group has carried out this assessment based on available internal and external sources of information up to the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements owing to the nature and duration of COVID-19.

4.3 Critical accounting estimates

a) Revenue recognition

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

Revenue from fixed price maintenance type contracts is recognized ratably 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 ratably using a percentage-of-completion method when the pattern of benefits from the services rendered to the customer and the Group's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of a method to recognise such revenues requires judgment and is based on the promises in the contract and nature of the deliverables.

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

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

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

b) Income taxes

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

Management evaluates if the deferred tax assets will be realised in future considering the historical taxable income, scheduled reversals of deferred tax liabilities, projected future taxable income and tax-planning strategies. While the Management believes that the Group will realise the deferred tax assets, the amount of deferred tax asset realisable, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

c) Business combination

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

d) Property, plant and equipment

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

e) Leases

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

4.4 Summary of significant accounting policies

a) Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Group's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013 (the "Act"). Operating cycle is the time between the acquisition of resources / assets for processing their realisation in cash and cash equivalents, and Based on the nature of products/ services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months.

b) Property, Plant and Equipment

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

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

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



c) Intangible assets

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

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

Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate:

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

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

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

d) Depreciation and amortization

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

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

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

*For these classes of assets, based on 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.

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

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

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 methods, useful lives and residual values are reviewed periodically.

e) Borrowing costs

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

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

f) Leases

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

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

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

Where the Group is a lessee

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

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

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

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



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

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

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

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

Group as a lessor

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

g) Impairment of Non-financial assets

The Group assesses at each reporting date, if there is any indication of impairment based on internal/external factors. If any indications exist, the Group estimates the asset's recoverable amount unless the asset does not generate cash flows that are largely independent of those from other assets.

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

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

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

Based on the testing, no impairment was identified as at March 31, 2022 and 2021 as the recoverable value of the CGUs exceeded the carrying value. An analysis of the calculation's sensitivity to a change in the key parameters (turnover and earnings multiples) did not identify any probable scenarios where the CGU's recoverable amount would fall below its carrying amount.

h) Financial instruments

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

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group'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.

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 recognized as finance income in the statement of profit and loss.

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

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

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

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



Persistent Systems Limited

Notes forming part of condensed interim consolidated financial statements

Financial liabilities

Financial liabilities at amortised cost

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

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

Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss if the recognition criteria as per Ind AS 109 – "Financial Instruments" are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss.

Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Group has not designated any financial liability as FVTPL.

Investments in subsidiaries, associates and joint ventures

Investment in subsidiaries, associates and joint ventures are carried at cost.

Derivative financial instruments

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

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

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

Gains or losses relating to the ineffective portion is immediately recognised in profit or loss.

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

Derivatives which do not qualify for hedge accounting are accounted as fair value through profit or loss.

Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. 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 in statement of profit and loss.

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

Financial guarantee contracts

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

Fair value of financial instruments

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

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

All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. Refer to the table on financial instruments by category below for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets

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

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

i) Revenue recognition

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized 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 recognized will not occur when the uncertainty associated with the variable consideration is resolved.



Income from software services and products

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

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

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

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

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

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

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

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

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

Interest

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

Dividend

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

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for services or products transferred to the customer. If the Group provides services or transfers products to the customer before the customer pays consideration or before the payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to provide services or transfer products to a customer for which the Group has received consideration (or an amount of consideration is due) from the consideration. If the Group receives the consideration from the customer before the Group provides services or transfers products to the customer, a contract liability is recognised for the received consideration that is conditional.

j) Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets while grants related to expenses are deducted in reporting the related expenses in the income statement.

k) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

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

Conversion

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

Exchange differences

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

Translation of foreign operations

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

The assets and liabilities of a foreign operation are translated into the reporting currency (INR) at the exchange rate prevailing at the reporting date.

l) Retirement and other employee benefits

Provident fund

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

Gratuity

Gratuity is a defined benefit obligation plan operated by the Group for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by the insurer is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.



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

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

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

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

Long service awards

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

m) Income taxes

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

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

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

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the period in which the temporary differences originate.

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

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

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

n) Segment reporting

(i) Identification of segment

The Group's operations predominantly relate to providing software products, services and technology innovation covering full life cycle of product to its customers.

The components of the Group that engage in business activities from which they earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker are identified as operating segments.

(ii) Allocation of income and direct expenses

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment such as salaries, project related travel expenses etc. The remainder is considered as un-allocable expense and is charged against the total income.

(iii) Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

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

(iv) Inter-segment transfers

There are no inter-segments transactions.

(v) Segment accounting policies

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

o) 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. The treasury shares held by PSPL ESOP Management trust as on the reporting date are deducted while calculating the weighted average number of equity shares outstanding.

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

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

p) Provisions

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



Persistent Systems Limited

Notes forming part of condensed interim consolidated financial statements

q) Contingent liabilities

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

r) Cash and cash equivalents

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

s) Share based payments

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

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

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

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

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

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

t) Equity

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

u) Dividend

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

v) Business combinations

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

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

Acquisition-related costs are expensed as incurred.

The excess of the

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

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

w) Goodwill/ Gain on bargain purchase

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized in the other comprehensive income as gain on bargain purchase. Subsequent to initial recognition, Goodwill is measured at cost less accumulated impairment losses.



Persistent Systems Limited**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED JUNE 30, 2022****A. Share capital**
(refer note 18)

(In ₹ Million)

Balance as at April 1, 2022	Changes in equity share capital during the period	Balance as at June 30, 2022
764.25	-	764.25

(In ₹ Million)

Balance as at April 1, 2021	Changes in equity share capital during the period	Balance as at June 30, 2021
764.25	-	764.25

(In ₹ Million)

Balance as at April 1, 2021	Changes in equity share capital during the year	Balance as at March 31, 2022
764.25	-	764.25

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Persistent Systems Limited

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED JUNE 30, 2022

Rs. Other equity

Particulars	General reserve	Share options outstanding reserve	Gain on bargain purchase	Reserves and surplus	Retained earnings	Treasury shares	PSL ESOP Trust reserve	Effective portion of cash flow hedges	Exchange differences on financial statements of foreign operations	Total
Balance as at April 1, 2022	17,376.05	1,144.84	57.80	35.75	13,553.80	-	-	41.60	707.21	32,917.95
Profit for the period	-	-	-	-	2,116.12	-	-	-	-	2,116.12
Other comprehensive income for the period	-	-	-	-	32.20	-	-	-	-	32.20
Realised earnings of PSL ESOP Trust	-	-	-	-	-	-	-	-	-	-
Employee stock compensation expenses	-	333.46	-	-	-	-	-	-	-	333.46
Other charges during the year	-	1.34	-	-	-	-	-	-	-	1.34
Shares held by ESOP Trust	-	-	2.43	-	-	-	-	-	-	2.43
Balance at June 30, 2022	17,376.05	1,479.64	60.23	35.75	15,722.22	(3,368.99)	419.38	(170.75)	903.21	32,417.53

Particulars	General reserve	Share options outstanding reserve	Gain on bargain purchase	Reserves and surplus	Retained earnings	Effective portion of cash flow hedges	Exchange differences on financial statements of foreign operations	Total
Balance as at April 1, 2021	14,356.53	470.70	57.31	35.75	11,504.42	139.45	568.25	27,192.41
Net profit for the period	-	-	-	-	1,512.48	-	-	1,512.48
Other comprehensive income for the period	-	-	-	-	(61.72)	(95.10)	-	(156.82)
Employee stock compensation expenses	-	175.89	-	-	-	-	-	175.89
Other charges during the period	-	0.50	(0.62)	-	-	-	-	(0.12)
Balance at June 30, 2021	14,356.53	647.09	56.69	35.75	13,015.18	44.35	568.25	28,652.15

Particulars	General reserve	Share options outstanding reserve	Gain on bargain purchase	Reserves and surplus	Retained earnings	Effective portion of cash flow hedges	Exchange differences on financial statements of foreign operations	Total
Balance as at April 1, 2021	14,356.53	470.70	57.31	35.75	11,504.42	139.45	568.25	27,192.41
Profit for the year	-	-	-	-	5,903.86	-	-	5,903.86
Other comprehensive income for the year	-	-	-	-	(183.87)	(97.65)	-	(281.52)
Dividend	-	-	-	-	(1,987.05)	-	-	(1,987.05)
Transfer to general reserve	2,743.48	-	-	-	(2,743.48)	-	-	-
Employee stock compensation expenses	-	950.23	-	-	-	-	-	950.23
Adjustments towards employees stock options	276.84	(275.84)	-	-	-	-	-	0.00
Other charges during the year	(0.16)	0.75	0.49	-	-	-	-	1.08
Balance at March 31, 2022	17,376.05	1,144.84	57.80	35.75	13,553.80	41.60	707.21	32,917.95

Summary of significant accounting policies - note 4

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

As per our report of even date

For Walker Chandok & Co LLP
Chartered Accountants
The Registration No. 001076WVA500013
Pratibha
Membership No. - 101797

For and on behalf of the Board of Directors of
Persistent Systems Limited
Sandeep Kalia
Sandeep Kalia
Chairman and Managing Director
DIN 0005721

Praveen
Purushottam
am Kadle
Praveen Kadle
Independent Director
DIN 00010814
Place Pune
Date July 21, 2022

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

Amit Arora
Amit Arora
Executive Director and Chief Executive Officer
DIN 02566294

Place Pune
Date July 21, 2022

Signature of Sunil Sapre

Place Pune
Date July 21, 2022



Persistent Systems Limited

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED JUNE 30, 2022

Nature and purpose of reserves

a) General reserve

General reserve represents amounts transferred from profit/loss for the year and the amounts from Share options outstanding reserve to the extent they relate to exercise / expiry of employee share options. It is a free reserve in terms of section 2 (43) of the Companies Act, 2013.

b) Share options outstanding reserve

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

c) Gain on bargain purchase

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

d) Capital redemption reserve

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

e) Cash flow hedge reserve

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

f) Foreign currency translation reserve

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

g) PSL ESOP Trust reserve

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

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

h) Treasury shares

The Group has created PSPL ESOP Management Trust ("PSL ESOP Trust") for providing share based payment to its employees. The Group uses PSL ESOP Trust as a vehicle for distributing shares to the employees under Employee Stock Option Scheme. The Group treats PSL ESOP Trust as its controlled entity and shares held by PSL ESOP Trust are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from Other Equity. No gain or loss is recognized in the statement of profit & loss on the purchase, sale, issue or cancellation of the Parent company's own equity instruments. Any difference between the carrying amount and consideration, if reissued or sold, is recognized in PSL ESOP Trust reserve. Share options recognized during the reporting period are settled with treasury shares.

i) Retained earnings

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



Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

5.1 Property, plant and equipment

	Land - Freehold	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
									(In ₹ Million)
Gross block (At cost)									
As at April 1, 2022	221.62	2,455.16	4,003.93	100.38	1,399.89	47.69	734.18	7.27	8,970.12
Additions	-	-	267.05	1.84	7.79	10.92	21.94	-	309.54
Additions through business combinations (refer note 34)	-	-	30.50	2.69	-	4.40	6.02	-	43.61
Disposals	-	-	6.38	-	-	-	0.78	-	7.16
Effect of foreign currency translation from functional currency to reporting currency	(0.37)	(1.88)	10.37	1.75	(0.62)	0.83	5.21	-	16.09
As at June 30, 2022	221.25	2,453.48	4,306.07	106.66	1,407.06	63.84	766.57	7.27	9,332.20
Accumulated Depreciation									
As at April 1, 2022	-	1,281.98	2,767.92	90.52	1,188.81	45.01	672.26	5.95	6,052.45
Additions through business combination (refer note 34)	-	-	21.01	2.32	-	4.18	4.47	-	31.98
Charge for the period/year	-	24.67	171.26	1.06	13.41	0.42	11.03	0.23	222.08
Disposals	-	-	4.42	-	-	-	0.78	-	5.20
Effect of foreign currency translation from functional currency to reporting currency	-	(0.72)	9.05	1.69	0.20	0.50	5.13	-	15.85
As at June 30, 2022	-	1,305.93	2,964.82	95.59	1,202.42	50.11	692.11	6.18	5,317.16
Net block									
As at June 30, 2022	221.25	1,147.55	1,341.25	11.07	204.64	13.73	74.46	1.09	3,015.04

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

5.1 Property, plant and equipment (continued)

	Land - Freehold	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
(In ₹ Million)									
Gross block (At cost)									
As at April 1, 2021	221.91	2,455.09	2,943.59	96.51	1,416.28	44.29	699.80	7.24	7,884.71
Additions	-	0.04	76.89	3.47	17.39	-	9.08	-	106.87
Disposals	-	-	0.52	-	-	-	0.72	-	1.24
Effect of foreign currency translation from functional currency to reporting currency	0.45	1.63	12.70	(0.17)	0.64	1.12	3.68	-	20.05
As at June 30, 2021	222.36	2,456.76	3,032.66	99.81	1,434.31	45.41	711.84	7.24	8,010.39
Accumulated Depreciation									
As at April 1, 2021	-	1,183.45	2,289.84	86.41	1,224.51	39.84	654.28	4.98	5,483.31
Charge for the period	-	24.72	86.99	1.50	11.16	1.28	7.51	0.23	133.39
Disposals	-	-	0.35	-	-	-	0.72	-	1.07
Effect of foreign currency translation from functional currency to reporting currency	-	0.77	12.41	(0.28)	0.52	0.92	1.05	-	15.39
As at June 30, 2021	-	1,208.94	2,388.89	87.63	1,236.19	42.04	662.12	5.21	5,631.02
Net block									
As at June 30, 2021	222.36	1,247.82	643.77	12.18	198.12	3.37	49.72	2.03	2,379.37

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

5.1 Property, plant and equipment (continued)

	Land - Freehold	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
									(In ₹ Million)
Gross block (At cost)									
As at April 1, 2021	221.91	2,455.09	2,943.59	96.51	1,416.28	44.29	699.80	7.24	7,884.71
Additions	-	1.35	1,068.37	5.36	70.39	2.71	63.59	-	1,211.77
Additions through business combinations	-	-	21.13	1.35	4.15	-	0.48	0.03	27.14
Disposals	-	-	32.03	4.24	90.21	0.77	34.93	-	162.18
Effect of foreign currency translation from functional currency to reporting currency	(0.29)	(1.28)	2.87	1.40	(0.72)	1.46	5.24	-	8.68
As at March 31, 2022	221.62	2,455.16	4,003.93	100.38	1,399.89	47.69	734.18	7.27	8,970.12
Accumulated Depreciation									
As at April 1, 2021	-	1,183.45	2,289.84	86.41	1,224.51	39.84	654.28	4.98	5,483.31
Additions through business combination	-	-	-	-	-	-	-	-	-
Charge for the year	-	99.08	502.93	7.11	55.60	4.55	49.87	0.97	720.11
Disposals	-	-	30.16	4.24	90.05	0.69	34.52	-	159.66
Effect of foreign currency translation from functional currency to reporting currency	-	(0.55)	5.31	1.24	(1.25)	1.31	2.63	-	8.69
As at March 31, 2022	-	1,281.98	2,767.92	90.52	1,188.81	45.01	672.26	5.95	6,052.45
Net block									
As at March 31, 2022	221.62	1,173.18	1,236.01	9.86	211.08	2.68	61.92	1.32	2,917.67

* Note: Buildings include those constructed on leasehold land:

- Gross block as on June 30, 2022 ₹ 1,455.94 million (Corresponding period ₹ 1,454.64 Million / Previous year ₹ 1,455.94 million)
- Depreciation charge for the period ₹ 14.73 million (Corresponding period ₹ 14.72 Million / Previous year ₹ 59.07 million)
- Accumulated depreciation as on June 30, 2022 ₹ 631.87 million (Corresponding period ₹ 572.79 Million / Previous year ₹ 617.14 million)
- Net block value as on June 30, 2022 ₹ 824.07 million (Corresponding period ₹ 881.85 Million / Previous year ₹ 838.80 million)



Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

5.2 Right-of-use assets

	(In ₹ Million)		
	Leasehold Land	Office premises	Total
Gross block (At cost)			
As at April 1, 2022	37.50	1,841.75	1,879.25
Additions during the period	94.47	514.18	608.65
Disposals	-	41.71	41.71
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	3.51	3.51
As at June 30, 2022	131.97	2,317.73	2,449.70
Accumulated Depreciation			
As at April 1, 2022	1.76	519.28	521.04
Charge for the period	0.31	94.42	94.73
Disposals	-	-	-
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	(0.72)	(0.72)
As at June 30, 2022	2.07	612.98	615.05
Net block			
As at June 30, 2022	129.90	1,704.75	1,834.65

	(In ₹ Million)		
	Leasehold Land	Office premises	Total
Gross block (At cost)			
As at April 1, 2021	37.50	1,208.13	1,245.63
Additions during the period	-	302.65	302.65
Disposals	-	110.28	110.28
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	20.05	20.05
As at June 30, 2021	37.50	1,420.55	1,458.05
Accumulated Depreciation			
As at April 1, 2021	1.18	391.87	393.05
Charge for the period	0.15	67.35	67.50
Disposals	-	110.28	110.28
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	5.74	5.74
As at June 30, 2021	1.33	354.68	356.01
Net block			
As at June 30, 2021	36.17	1,065.87	1,102.04

	(In ₹ Million)		
	Leasehold Land	Office premises	Total
Gross block (At cost)			
As at April 1, 2021	37.50	1,208.13	1,245.63
Additions during the year	-	831.31	831.31
Acquisition	-	-	-
Disposals	-	201.25	201.25
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	3.56	3.56
As at March 31, 2022	37.50	1,841.75	1,879.25
Accumulated Depreciation			
As at April 1, 2021	1.18	391.87	393.05
Charge for the year	0.50	207.93	208.43
Disposals	-	158.44	158.44
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	(2.08)	(2.08)
As at March 31, 2022	1.76	519.28	521.04
Net block			
As at March 31, 2022	35.74	1,322.47	1,358.21

5.3 Goodwill

	(In ₹ Million)		
	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022
Cost			
Balance at beginning of period/year	2,790.22	85.94	85.94
Additional amounts recognised from business combinations	-	21.56	2,636.81
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	89.64	1.43	67.47
Balance at end of period	2,879.86	108.93	2,790.22



Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements
5.5 Other Intangible assets

	Software	Acquired contractual rights	Provisional intangible asset	(In ₹ Million) Total
Gross block				
As at April 1, 2022	3,031.45	6,813.53	6,696.30	16,541.28
Additions	52.85	-	-	52.85
Additions through business combination (refer note 34)	10.58	-	4,728.99	4,739.57
Disposals	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	78.97	391.55	280.96	751.48
As at June 30, 2022	3,173.85	7,205.08	11,706.25	22,085.18
Accumulated Amortization				
As at April 1, 2022	2,864.32	5,352.04	55.29	8,271.65
Charge for the period	21.06	192.74	114.51	328.31
Additions through business combination (refer note 34)	9.45	-	-	9.45
Effect of foreign currency translation from functional currency to reporting currency	78.99	197.53	0.50	277.02
As at June 30, 2022	2,973.82	5,742.31	170.30	8,886.43
Net block				
As at June 30, 2022	200.03	1,462.77	11,535.95	13,198.75

	Software	Acquired contractual rights	(In ₹ Million) Total
Gross block			
As at April 1, 2021	2,912.77	5,744.93	8,657.70
Additions	33.85	181.14	214.99
Effect of foreign currency translation from functional currency to reporting currency	30.33	70.46	100.79
As at June 30, 2021	2,976.95	5,996.53	8,973.48
Accumulated Amortization			
As at April 1, 2021	2,736.80	4,691.40	7,428.20
Charge for the period	17.13	132.07	149.20
Effect of foreign currency translation from functional currency to reporting currency	30.26	23.23	53.49
As at June 30, 2021	2,784.19	4,846.70	7,630.89
Net block			
As at June 30, 2021	192.76	1,149.83	1,342.59

	Software	Acquired contractual rights	Provisional intangible assets	(In ₹ Million) Total
Gross block				
As at April 1, 2021	2,912.77	5,744.93	-	8,657.70
Additions	62.65	182.63	-	245.28
Additions through business combinations (refer note 34)	-	980.16	6,651.74	7,631.90
Disposals	2.44	0.04	-	2.48
Effect of foreign currency translation from functional currency to reporting currency	58.47	(94.15)	44.56	8.88
As at March 31, 2022	3,031.45	6,813.53	6,696.30	16,541.28
Accumulated Amortization				
As at April 1, 2021	2,736.80	4,691.40	-	7,428.20
Charge for the year	70.76	526.18	54.56	651.50
Disposals	1.78	0.01	-	1.79
Effect of foreign currency translation from functional currency to reporting currency	58.54	134.47	0.73	193.74
As at March 31, 2022	2,864.32	5,352.04	55.29	8,271.65
Net block				
As at March 31, 2022	167.13	1,461.49	6,641.01	8,269.63

5.5 Depreciation and amortization

	For the Quarter Ended		For the year
	June 30, 2022	June 30, 2021	March 31, 2022
On Property, Plant and Equipment	222.08	133.39	720.11
On Right of Use assets	94.73	67.50	286.51
On Other Intangible assets	328.31	149.20	651.50
	645.12	350.09	1,660.12

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

6. Non-current financial assets : Investments

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Investments carried under equity accounting method			
Unquoted Investments			
Investments in equity Instruments			
In associates			
Kisma e-Services Private Limited [Holding Nil (Corresponding period: 50% / Previous year: Nil)] #			
Nil (Corresponding period/ Previous year: 0.005 million) shares of ₹10 each, fully paid up	-	0.05	-
Less: Writeoff / Impairment	-	(0.05)	-
Total Investments carried equity accounting method (A)	-	-	-
Investments carried at amortised cost			
Quoted Investments			
In bonds	2,801.81	2,725.59	2,801.81
[Market value ₹ 2,734.12 million (Corresponding period: ₹ 2,909.38 million /Previous year ₹ 2,863.32 million)]			
Add: Interest accrued on bonds	93.30	91.66	77.48
Total Investments carried at amortised cost (B)	2,895.11	2,817.25	2,879.29
Designated as fair value through profit and loss			
Unquoted Investments			
- Investments in mutual funds	1,304.55	679.50	836.42
Fair value of long term mutual funds (refer Note 5a)	1,304.55	679.50	836.42
Others*			
Investments in Common Stocks / Preferred Stocks			
Ciquil Limited [Holding 2.38% (Corresponding period/ Previous year 2.38%)]			
0.04 million (Corresponding period/ Previous year : 0.04 million) shares of GBP 0.01 each, fully paid up	15.34	14.97	15.16
Less : Change in fair value of investment	(15.34)	(14.97)	(15.16)
Allizon Systems Private Limited	6.00	6.00	6.00
3,766 equity shares (Corresponding period/ Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up	6.00	6.00	6.00
Hygenx Inc.	15.79	14.87	15.16
0.25 million (Corresponding period/ Previous year : 0.25 million) Preferred stock of \$ 0.001 each, fully paid up	15.79	14.87	15.16
Less : Change in fair value of investment	(15.79)	(14.87)	(15.16)
Trunomi Inc.	19.74	18.58	18.95
0.28 million (Corresponding period/ Previous year : 0.28 million) Preferred stock of \$ 0.0002 each, fully paid up	19.74	18.58	18.95
Ampool Inc.	-	18.58	-
Nil (Corresponding period: 0.55 million / Previous year Nil) Preferred stock of \$ 0.4583 each, fully paid up	-	18.58	-
Less : Change in fair value of investment	-	(18.58)	-
Cazena Inc. ^	-	148.66	-
Nil (Corresponding period: 0.59 million / Previous year Nil) Common Stock of \$ 0.0001 each, fully paid up	-	148.66	-
Less : Change in fair value of investment	-	(74.33)	-
Monument Bank	128.79	-	123.61
0.024 million (Corresponding period : Nil / Previous year: 0.024 million) Stock of GBP 50 each, fully paid up	128.79	-	123.61
Total Investments	148.53	92.91	142.56

Kisma e-Services Private Limited ('Kisma'), an Associate of the Company has been dissolved w.e.f. August 10, 2021 vide dissolution order passed by the Hon'ble National Company Law Tribunal, Mumbai Bench.

^ During quarter ended Jun 2021, Cazena Inc had informed about certain agreement and plan of merger and had sought approvals from the shareholders. The Group was in the process of evaluating this transaction and assessing the impact, including on the carrying value of the investment. In view of uncertainty involved, the Group, based on a preliminary estimate had recognised a decline in fair value and had accordingly recognised a loss of INR 74.33 million in those interim condensed financial statements. Subsequently, Cazena Inc. had been acquired by another corporation. Accordingly, based on the communication received from Cazena Inc. regarding the realisable value, the Group had written off the entire amount of investment of Rs. 148.40 million in year ended March 31, 2022.



Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

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

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
DxNow 0.17 million Preferred Shares fully paid up (Corresponding period: 1 convertible note of USD 125,000 each, fully paid up / Previous year: 0.17 million Preferred Shares fully paid up)	9.87	9.29	9.47
Less : Change in fair value of investment	(9.87)	(9.29)	(9.47)
	-	-	-
Akumina Inc. 0.40 million Preference shares of \$ 0.443 each (Corresponding period : 1 / Previous year : 1 convertible note of USD 146,429 each, fully paid up)	14.02	13.19	13.45
	14.02	13.19	13.45
- Investments in Convertible Notes			
Ustyme Nil (Corresponding period: 1/ Previous year : Nil) convertible note of USD 250,000 each, fully paid up	-	18.58	-
Less : Change in fair value of investment	-	(18.58)	-
	-	-	-
Total Investments carried at Fair Value (C)	1,473.10	781.60	998.43
Total Investments (A) + (B) + (C)	4,368.21	3,608.85	3,877.72
Aggregate amount of Impairment in value / change in fair value of Investments	41.00	150.67	39.79
Aggregate amount of quoted Investments	2,895.11	3,496.75	2,879.29
Aggregate amount of unquoted Investments	1,514.10	262.77	1,038.22

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

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

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

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
IDFC Mutual Fund	834.07	324.54	365.27
Axis Mutual Fund	470.48	354.96	471.15
	<u>1,304.55</u>	<u>679.50</u>	<u>836.42</u>

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

7. Non-current financial assets : Loans

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Carried at amortised cost			
Other loans and advances			
Unsecured considered good - Loan to ESOP trust	-	-	3,522.00
Unsecured, credit impaired	0.58	0.58	0.58
	<u>0.58</u>	<u>0.58</u>	<u>3,522.58</u>
Less: Impairment allowance	<u>(0.58)</u>	<u>(0.58)</u>	<u>(0.58)</u>
	<u>-</u>	<u>-</u>	<u>3,522.00</u>
	<u>-</u>	<u>-</u>	<u>3,522.00</u>

8. Other non-current financial assets

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Considered good			
Carried at amortised cost			
Deposits with banks (refer note 14)*	197.36	41.26	3.19
Add: Interest accrued but not due on bank deposits (refer note 14)	0.07	0.05	0.17
Deposits with banks	<u>197.43</u>	<u>41.31</u>	<u>3.36</u>
Deposit with financial institutions	200.00	-	100.00
Add: Interest accrued but not due on deposit with financial institutions	2.09	-	0.41
Deposits with financial institutions	<u>202.09</u>	<u>-</u>	<u>100.41</u>
Security deposits	320.64	189.30	236.97
Considered good (A)	<u>720.16</u>	<u>230.61</u>	<u>340.74</u>
Credit Impaired			
Deposit with financial institutions	430.00	430.00	430.00
Add: Interest accrued but not due on deposit with financial institutions	0.98	0.98	0.98
Less: Credit impaired	<u>(430.98)</u>	<u>(430.98)</u>	<u>(430.98)</u>
Credit impaired (B)	<u>-</u>	<u>-</u>	<u>-</u>
Total (A+B)	<u>720.16</u>	<u>230.61</u>	<u>340.74</u>

* Out of the balance, fixed deposits of ₹ 28.34 million (Corresponding period : ₹ 2.09 million/ Previous year : ₹ 3.03 million) have been earmarked against credit facilities and bank guarantees availed by the Group.

9. Deferred tax asset (net) *

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Deferred tax liabilities			
Differences in book values and tax base values of block of property, plant and equipment and intangible assets	85.29	38.71	89.31
Capital gains	16.27	67.45	51.11
Cash flow hedges	-	14.91	14.06
Others	16.08	18.10	7.54
	<u>117.64</u>	<u>139.17</u>	<u>162.02</u>
Deferred tax assets			
Provision for leave encashment	211.48	175.59	224.94
Provision for long service awards	156.02	95.90	134.29
Allowance for expected credit loss	25.89	69.24	43.27
Differences in book values and tax base values of block of property, plant and equipment and intangible assets	195.42	99.53	170.18
Brought forward and current year losses	107.59	94.14	99.41
Tax credits	330.74	454.59	407.13
ROU asset and lease liability	33.95	31.29	31.71
Provision for shared based payments to employees	68.84	52.56	48.56
Cash flow hedges	57.43	-	-
Others	153.76	165.30	125.25
	<u>1,341.12</u>	<u>1,238.14</u>	<u>1,284.74</u>
Deferred tax liabilities after set off	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax assets after set off	<u>1,223.48</u>	<u>1,098.97</u>	<u>1,122.72</u>

* Deferred tax assets and deferred tax liabilities have been offset wherever the Group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. In all other cases the same have been separately disclosed.

10. Other non-current assets

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Capital advances (Unsecured, considered good)	716.95	92.63	104.95
Balances with government authorities	296.55	296.55	296.55
Prepayments	179.58	191.09	130.11
	<u>1,193.08</u>	<u>580.27</u>	<u>531.61</u>



Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

11. Current financial assets : Investments

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Designated as fair value through profit and loss			
- Unquoted investments			
Investments in mutual funds			
Fair value of current mutual funds (refer Note 11a)	1,821.62	9,292.04	4,346.91
	1,821.62	9,292.04	4,346.91
Total carrying amount of Investments	1,821.62	9,292.04	4,346.91
Aggregate amount of unquoted Investments	1,821.62	9,292.04	4,346.91

11 (a) Details of fair value of current Investment in mutual funds (unquoted)

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Aditya Birla Sun Life Mutual Fund	702.85	1,268.25	883.65
Axis Mutual Fund	355.87	1,184.73	672.70
IDFC Mutual Fund	251.23	1,213.11	457.54
DSP Mutual Fund	120.02	160.04	443.20
HDFC Mutual Fund	85.51	1,511.18	-
L&T Mutual Fund	66.10	435.26	-
Kotak Mutual Fund	60.01	484.28	521.63
ICICI Prudential Mutual Fund	60.01	760.64	399.94
UTI Mutual Fund	60.01	1,192.17	337.68
SBI Mutual Fund	60.01	789.08	120.01
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	-	-	472.88
PGIM India Mutual Fund (formerly known as DHFL Pramerico Mutual Fund)	-	37.57	-
Tata Mutual Fund	-	100.36	-
Sundaram Mutual Fund	-	155.37	37.68
	1,821.62	9,292.04	4,346.91

12. Trade receivables

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Unsecured, considered good	11,991.85	6,210.06	9,484.29
Unsecured, credit impaired	167.54	252.21	165.78
	12,159.39	6,462.27	9,650.07
Less : Allowance for expected credit loss	(167.54)	(252.21)	(165.78)
	11,991.85	6,210.06	9,484.29
	11,991.85	6,210.06	9,484.29

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

13. Cash and cash equivalents

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Cash and cash equivalents as presented in cash flow statement			
Cash in hand	0.38	0.42	0.24
Balances with banks			
On current accounts #	2,706.33	1,436.88	2,337.96
On saving accounts	25.60	7.50	1.64
On exchange earner's foreign currency accounts	449.30	265.97	259.20
On deposit accounts with original maturity less than three months	-	318.25	-
On escrow account**	394.90	-	378.95
	3,576.51	2,029.02	2,977.99

Of the cash and cash equivalent balance as at June 30, 2022, the Group can utilise ₹ 128.11 million (Corresponding period : ₹ 227.86 million, Previous year: ₹ 35.75 million) only towards certain predefined activities specified in the agreement.

** The balance maintained in Escrow account will be released to selling shareholders on meeting specific conditions.

14. Bank balances other than cash and cash equivalents

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Deposits with banks*	4,686.85	4,889.26	5,986.55
Add: Interest accrued but not due on deposits with banks	133.41	132.56	180.46
Deposits with banks (carried at amortised cost)	4,820.26	5,021.82	6,167.01
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (refer note 8)	(197.36)	(41.26)	(3.19)
Less: Interest accrued but not due on non-current deposits with banks (refer note 8)	(0.07)	(0.05)	(0.17)
	4,622.83	4,980.51	6,163.65
Balances with banks on unpaid dividend accounts**	3.21	3.14	2.94
	4,626.04	4,983.65	6,166.59

* Out of the balance, fixed deposits of ₹ 624.48 million (Corresponding period: ₹ 644.49 million/ Previous year : ₹ 644.36 million) have been earmarked against credit facilities and bank guarantees availed by the Group.

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

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

15. Current financial assets : Loans

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Loan to related parties (Unsecured, credit impaired)			
Kisma e-Services Private Limited	-	27.43	-
	-	27.43	-
Less: Write off / Impairment	-	(27.43)	-
	-	-	-
Loan to others (Unsecured, credit impaired)			
LHS Solution Inc.	23.76	22.28	22.78
Interest accrued but not due at amortised cost	1.77	1.75	1.72
Less: Impairment	(25.53)	(24.03)	(24.50)
	-	-	-
	-	-	-

16. Other current financial assets

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Derivative instruments at fair value through OCI			
Cash flow hedges			
Foreign exchange forward contracts	-	123.65	84.59
Carried at amortised cost			
Advances to related parties (Unsecured, credit impaired)			
Unsecured, credit impaired	-	0.81	-
Less: Write off / Impairment	-	(0.81)	-
	-	-	-
Other receivables (Unsecured, considered good)	16.10	16.09	16.10
Unbilled revenue	4,407.92	2,772.20	3,130.31
	4,424.02	2,911.94	3,231.00

17. Other current assets

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Unsecured, considered good			
Advances to suppliers			
Advances recoverable in cash or kind or for value to be received	837.20	578.80	846.73
Prepayments	668.10	547.08	498.68
Excess fund balance with Life Insurance Corporation of India	109.53	39.60	42.19
Other advances			
VAT receivable (net)	38.33	-	3.71
Service tax and GST receivable (net)	664.76	938.46	561.59
	703.09	938.46	565.30
	2,317.92	2,103.94	1,952.90

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

18 Share capital

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Authorized shares (No. in million)			
200 (Corresponding period/ Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00	2,000.00
Issued, subscribed and fully paid-up shares (No. in million)			
76.43 (Corresponding period/ Previous year: 76.43) equity shares of ₹ 10 each	764.25	764.25	764.25
Issued, subscribed and fully paid-up share capital	764.25	764.25	764.25

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

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

	As at June 30, 2022		As at June 30, 2021		As at March 31, 2022	
	No of shares	Amount ₹	No of shares	Amount ₹	No of shares	Amount ₹
Number of shares at the beginning of the period/year	76.425	764.25	76.425	764.25	76.425	764.25
Less: Changes during the period	-	-	-	-	-	-
Number of shares at the end of the period/year	76.425	764.25	76.425	764.25	76.425	764.25

b) Terms / rights attached to equity shares

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

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

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

	For the period of five years ended June 30, 2022 No in Million	For the period of five years ended June 30, 2021 No in Million	For the period of five years ended March 31, 2022 No in Million
Equity shares bought back	3,575	3,575	3,575

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

Name of the shareholder*	As at June 30, 2022		As at June 30, 2021		As at March 31, 2022	
	No. in Million	% Holding	No. in Million	% Holding	No. in Million	% Holding
Dr. Anand Deshpande and Mrs. Sonali Anand Deshpande	22.97	30.06	22.96	30.04	22.97	30.06
Schemes of Kotak Mutual Fund	3.89	5.09	3.31	4.34	3.69	4.82
Schemes of HDFC Mutual Fund	2.97	3.89	5.15	6.74	3.45	4.51

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

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

19. Non-current financial liabilities : Borrowings

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Unsecured, carried at amortised cost			
Indian rupee loan from others	5.55	7.39	5.55
Interest accrued but not due on above loan	0.12	0.17	0.08
Foreign currency loans from bank	5,717.08	40.19	4,319.72
	5,722.75	47.75	4,325.35
Less: Current maturity of long-term borrowings	(2,140.91)	(1.85)	(1,524.48)
Less: Current maturity of interest accrued but not due on term loan	(0.12)	(0.17)	(0.09)
	(2,141.03)	(2.02)	(1,524.56)
	3,581.72	45.73	2,800.79

Indian rupee loan from Government department ₹ 5.55 million (Corresponding period ₹ 7.39 million / Previous year ₹ 5.55 million) is repayable with interest at 3% p.a. in ten equal annual instalments over a period of ten years commencing from October 2015.

Foreign currency loan includes ₹ 37.78 million (Corresponding period ₹ 40.19 million / Previous year ₹ 37.54 million). The interest free loan is given under a Covid-19 scheme for medium and small scale Industries by Government of Switzerland to a subsidiary company with a repayment period of five years from March 2020.

Foreign currency loans totalling to ₹ 5,679.30 million (Corresponding period: Nil / Previous year ₹ 4,282.18 million). The Parent Company has provided the Letters of Comfort to the Lender.

Key terms of loan are as below

Repayment terms	Rs. Million	Interest rate
Tranche 1 Repayable over a period of 3 years in equal instalments commencing from November 2021	1,535.53	SOFR + 155 bps
Tranche 2 Repayable over a period of 3 years in equal instalments commencing from April	2,533.62	SOFR + 155 bps
Tranche 3 Repayable over a period of 3 years in equal instalments commencing from May	1,610.15	SOFR + 155 bps
	5,679.30	

20. Non-current financial liabilities : Lease liabilities

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Lease liabilities	1,851.01	1,191.33	1,456.87
Less: Current portion of lease liabilities	(372.34)	(192.85)	(342.58)
	1,478.67	998.48	1,114.29

Movement of lease liabilities

	For the quarter ended June 30, 2022 In ₹ Million	For the quarter ended June 30, 2021 In ₹ Million	For the year ended March 31, 2022 In ₹ Million
Opening balance	1,456.87	938.17	938.17
Additions	608.65	302.65	831.31
Deletions	(41.71)	-	(42.81)
Add: Interest recognised during the period/year	23.61	22.57	84.06
Less: Payments made	(188.88)	(86.17)	(350.83)
Translation differences	(7.53)	14.11	(2.03)
Closing balance	1,851.01	1,191.33	1,456.87

21. Non current liabilities : Provisions

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Provision for employee benefits			
- Gratuity	24.13	27.66	-
- Long service awards	323.83	245.01	245.54
	347.96	272.67	245.54

22. Trade payables

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Trade payables			
- Total outstanding dues of small enterprises and micro enterprises	18.16	10.68	10.30
- Total outstanding dues of creditors other than small enterprises and micro enterprises	5,581.44	2,972.14	4,288.41
	5,599.60	2,982.82	4,298.71

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



Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

23. Other current financial liabilities

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Capital creditors	203.83	26.63	204.49
Accrued employee liabilities	179.67	121.89	144.61
Unpaid dividend*	3.21	3.14	2.94
Other liabilities	21.28	7.96	8.41
Payable to selling shareholders	5,385.65	8.77	3,901.75
Less: Non-current portion of payable to selling shareholders	(2,780.29)	-	(2,088.60)
	2,605.36	8.77	1,813.15
Derivative instruments at fair value through OCI			
Cash flow hedges			
Foreign exchange forward contracts	278.75	-	-
	3,292.10	168.39	2,173.60

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

24. Other current liabilities

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Unearned revenue	1,207.25	1,084.39	978.32
Advance from customers	95.00	36.97	43.21
Other payables			
- Statutory liabilities	911.00	510.36	491.79
- Other liabilities*	156.36	236.26	58.40
	2,370.61	1,867.98	1,571.72

* Includes balance of ₹ 128.00 million (Corresponding period : ₹ 227.69 million / Previous year: ₹ 35.64 million) to be utilised against certain predefined activities specified in the agreement.

25. Current liabilities : Provisions

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Provision for employee benefits			
- Gratuity	1.71	14.40	9.96
- Leave encashment	949.23	807.51	975.49
- Long service awards	33.16	19.21	24.54
- Other employee benefits	1,904.91	947.51	2,939.67
	2,889.01	1,788.63	3,949.66

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

26. Revenue from operations (net)

	For the quarter ended		For the year ended
	June 30, 2022	June 30, 2021	March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million
Software services	18,154.15	11,975.94	55,721.12
Software licenses	626.96	323.32	1,386.34
	18,781.11	12,299.26	57,107.46

27. Other Income

	For the quarter ended		For the year ended
	June 30, 2022	June 30, 2021	March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million
Interest income			
On deposits carried at amortised cost	92.65	73.33	315.69
On Others	21.63	46.69	284.53
Other non operating Income			
Foreign exchange gain (net)	41.80	109.03	269.41
(Loss) / Profit on sale of property, plant and equipment (net)	(1.21)	0.03	12.45
Profit on sale of investments (net)	-	106.48	-
Net profit on sale/ fair valuation of financial assets designated as FVTPL	18.69	2.21	354.30
Excess provision in respect of earlier period/years written back	3.68	10.73	66.00
Miscellaneous income	32.54	39.53	137.17
	209.78	388.03	1,439.55

28. Personnel expenses

	For the quarter ended		For the year ended
	June 30, 2022	June 30, 2021	March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million
28.1 Employee benefits expense			
Salaries, wages and bonus	9,845.43	6,522.69	31,061.63
Contribution to provident and other funds	724.88	500.47	2,059.54
Staff welfare and benefits	202.92	124.64	521.70
Share based payments to employees	333.46	175.89	950.23
	11,106.69	7,323.69	34,593.10
28.2 Cost of professionals	2,602.82	1,804.25	7,974.18
	13,709.51	9,127.94	42,567.28

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

29. Other expenses

	For the quarter ended		For the year ended
	June 30, 2022	June 30, 2021	March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	300.23	118.58	412.04
Electricity expenses (net)	24.34	13.68	76.07
Internet link expenses	34.67	18.78	68.59
Communication expenses	26.39	23.72	87.05
Recruitment expenses	127.18	74.52	428.06
Training and seminars	35.61	17.41	119.58
Royalty expenses	15.55	12.63	92.54
Purchase of software licenses	631.71	404.50	1,606.97
Bad debts	-	-	65.27
(Reversal) / Allowance for expected credit loss (net)	(4.48)	(20.69)	(105.06)
Rent	27.95	22.47	101.88
Insurance	14.38	12.34	50.34
Rates and taxes	31.26	22.55	99.30
Legal and professional fees	211.29	137.84	828.48
Repairs and maintenance			
- Plant and Machinery	34.65	28.65	141.71
- Buildings	8.21	4.60	20.46
- Others	6.06	6.77	26.96
Selling and marketing expenses	1.31	1.56	4.89
Advertisement, conference and sponsorship fees	39.96	14.03	85.67
Computer consumables	1.29	2.33	10.55
Auditors' remuneration	4.06	4.80	11.39
Corporate social responsibility expenditure	19.04	35.00	115.78
Books, memberships, subscriptions	12.14	3.46	32.90
Directors' sitting fees	2.68	2.28	7.43
Directors' commission	7.66	7.06	20.83
Loss / Impairment of non current investments	-	73.53	148.40
Miscellaneous expenses	124.54	113.72	400.39
	<u>1,738.68</u>	<u>1,156.12</u>	<u>4,958.47</u>

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

30. Earnings per share

		For the quarter ended June 30, 2022	For the quarter ended June 30, 2021	For the year ended March 31, 2022
<u>Numerator for Basic and Diluted EPS</u>				
Net Profit after tax (In ₹ Million)	(A)	2,116.12	1,512.48	6,903.86
<u>Denominator for Basic EPS</u>				
Weighted average number of equity shares	(B)	74,262,626	76,425,000	76,425,000
<u>Denominator for Diluted EPS</u>				
Number of equity shares	(C)	76,425,000	76,425,000	76,425,000
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	28.50	19.79	90.34
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	27.69	19.79	90.34
		For the quarter ended June 30, 2022	For the quarter ended June 30, 2021	For the year ended March 31, 2022
Number of shares considered as basic weighted average shares outstanding		76,425,000	76,425,000	76,425,000
Less: Treasury shares*		2,162,374	-	-
Number of shares considered as weighted average shares and potential shares outstanding		74,262,626	76,425,000	76,425,000

* Consequent to amendment in the trust deed w.e.f. April 1, 2022, the Group has assessed PSPL ESOP Management Trust to be a controlled entity and accordingly the same has been consolidated w.e.f. April 1, 2022 on a prospective basis. Accordingly, treasury shares are deducted while calculating number of shares outstanding.

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Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

31. Segment information

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

The operating segments of the Group are

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

Particulars		BFSI	Healthcare & Life Sciences	Software, Hi-Tech and Emerging Industries	Total
Revenue					
	Quarter ended June 30, 2022	6,344.44	3,720.54	8,716.13	18,781.11
	Quarter ended June 30, 2021	3,792.03	2,515.76	5,991.47	12,299.26
	Year ended March 31, 2022	18,063.65	11,842.75	27,201.06	57,107.46
Identifiable expense					
	Quarter ended June 30, 2022	4,075.16	1,890.27	6,417.41	12,382.84
	Quarter ended June 30, 2021	2,443.78	1,176.38	4,070.09	7,690.25
	Year ended March 31, 2022	11,679.32	5,779.01	17,931.96	35,589.29
Segmental result					
	Quarter ended June 30, 2022	2,269.28	1,830.27	2,298.72	6,398.27
	Quarter ended June 30, 2021	1,348.25	1,339.38	1,921.38	4,609.01
	Year ended March 31, 2022	6,184.33	6,063.74	9,269.10	21,517.17
Unallocable expenses					
	Quarter ended June 30, 2022				3,769.30
	Quarter ended June 30, 2021				2,966.52
	Year ended March 31, 2022				13,713.93
Operating income					
	Quarter ended June 30, 2022				2,608.97
	Quarter ended June 30, 2021				1,642.49
	Year ended March 31, 2022				7,803.24
Other income (net of expenses)					
	Quarter ended June 30, 2022				209.78
	Quarter ended June 30, 2021				388.03
	Year ended March 31, 2022				1,439.55
Profit before taxes					
	Quarter ended June 30, 2022				2,818.75
	Quarter ended June 30, 2021				2,030.52
	Year ended March 31, 2022				9,242.79
Tax expense					
	Quarter ended June 30, 2022				702.63
	Quarter ended June 30, 2021				518.04
	Year ended March 31, 2022				2,338.93
Profit after tax					
	Quarter ended June 30, 2022				2,116.12
	Quarter ended June 30, 2021				1,512.48
	Year ended March 31, 2022				6,903.86

Particulars		BFSI	Healthcare & Life Sciences	Software, Hi-Tech and Emerging Industries	Total
Segmental trade receivables (net)					
	As at June 30, 2022	2,311.60	2,638.46	7,041.79	11,991.85
	As at June 30, 2021	1,348.56	1,308.89	3,552.61	6,210.06
	As at March 31, 2022	1,816.26	1,949.27	5,718.76	9,484.29
Segmental Unbilled revenue					
	As at June 30, 2022	1,223.31	255.94	2,828.67	4,407.92
	As at June 30, 2021	602.07	159.81	2,010.32	2,772.20
	As at March 31, 2022	754.63	325.30	2,050.38	3,130.31
Unallocated assets					
	As at June 30, 2022				42,193.73
	As at June 30, 2021				29,382.67
	As at March 31, 2022				41,526.37
Unallocated liabilities					
	As at June 30, 2022				58,593.50
	As at June 30, 2021				38,364.93
	As at March 31, 2022				54,140.97

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

Geographical Information

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

Particulars		India	North America	Rest of the World	Total
Revenue					
	Quarter ended June 30, 2022	2,129.61	14,721.78	1,929.72	18,781.11
	Quarter ended June 30, 2021	1,199.55	9,707.73	1,391.88	12,299.26
	Year ended March 31, 2022	6,028.37	44,812.10	6,266.99	57,107.46

The revenue from individual customers in excess of ten percent of total revenue of the Group is ₹ 2,191.34 Million for the quarter ended June 30, 2022 (Corresponding period: ₹ 2,090.18 million / Previous year : ₹ 9,271.13 Million)

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32 (a) Financial assets and liabilities

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

Financial assets/ Financial liabilities	June 30, 2022			June 30, 2021			March 31, 2022			In ₹ Million Fair value hierarchy*
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	
Financial Assets:										
Investments in equity instruments, preferred stock and convertible notes	168.55	-	-	112.10	-	-	162.01	-	-	Level 3
Investments in bonds	-	-	-	-	-	-	-	-	-	
Investments in mutual funds	3,126.17	-	2,895.11	9,971.54	-	-	5,183.33	-	2,579.29	Level 1
Loans	-	-	-	-	-	-	-	-	-	
Deposit with banks and financial institutions (net)	-	-	5,022.35	-	-	-	-	-	3,538.10	
Cash and cash equivalents (including unpaid dividend)	-	-	3,579.72	-	-	5,021.82	-	-	6,267.42	
Trade receivables (net)	-	-	11,991.85	-	-	2,032.16	-	-	2,980.93	
Foreign exchange forward contracts	-	-	-	-	-	6,210.06	-	-	9,484.29	
Unbilled revenue	-	-	-	-	123.65	-	-	84.59	-	
Other non current financial assets	-	-	4,407.92	-	-	2,772.20	-	-	3,130.31	Level 2
Other current financial assets	-	-	320.64	-	-	205.39	-	-	235.97	
Total Financial Assets	3,294.72	-	28,217.59	10,083.64	123.65	19,058.88	5,345.34	84.59	28,517.31	
Financial Liabilities:										
Borrowings (including accrued interest)	-	-	-	-	-	-	-	-	-	
Trade payables	-	-	5,722.75	-	-	47.75	-	-	4,325.35	
Lease liabilities	-	-	5,599.60	-	-	2,982.82	-	-	4,298.71	
Other financial liabilities (excluding borrowings)	-	-	1,851.01	-	-	1,191.33	-	-	1,456.87	
Foreign exchange forward contracts	-	-	5,793.64	-	-	168.39	-	-	4,262.20	
Total Financial Liabilities	-	-	19,245.75	-	-	4,390.29	-	-	14,343.13	

*Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels
Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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



Persistent Systems Limited

Notes forming part of Condensed Interim Consolidated Financial Statements

32 b) Related party transactions

Refer to the Group's annual financial statements for the ended March 31, 2022 for the full names and other details of the Group's related parties.

The Parent Company's significant related party transactions during the period ended and outstanding balances as at June 30, 2022, June 30, 2021 and March 31, 2022 are with its subsidiaries with whom the Parent Company generally enters into transactions which are at arms length and in the ordinary course of business.

(This space is intentionally left blank)



Persistent Systems Limited**Notes forming part of Condensed Interim Consolidated Financial Statements****33. Contingent liabilities**

(In ₹ Million)

Sr. No		As at		March 31, 2022
		June 30, 2022	June 30, 2021	
a)	Claims against the company not acknowledged as debt*			
1	Indirect tax matters			
	(i) In respect to the order passed by the Learned Principal Commissioner of Service Tax, Pune, for Service tax under import of services on reverse charge basis for the Financial Year 2014-15, the Parent Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017. The Parent Company has paid ₹ 165.58 million under protest towards the demand and the same forms part of the GST receivable balance. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Parent Company will be eligible to claim credit/refund for the amount paid.	173.78	173.78	173.78
	(ii) In respect of export incentives pertaining to previous periods amounting to ₹ 255.52 million, which have been refunded under protest with interest of ₹ 41.03 million, the Parent Company has filed an application with Directorate General of Foreign Trade (DGFT). Based on the documents filed with relevant authorities and based on the consultations with subject matter specialists, the Parent Company believes that its position is most likely to be upheld on ultimate resolution.	296.55	296.55	296.55
	(iii) Other Pending litigations in respect of Indirect taxes.	13.49	35.13	13.53
2	Income tax demands disputed in appellate proceedings	1,019.34	463.61	855.02
b)	Guarantees and Letter of Comfort on behalf of Subsidiaries			
1	Guarantees given on behalf of subsidiaries	3,499.63	4,000.81	3,522.19
2	Letters of comfort on behalf of subsidiary (USD 81 Million (Corresponding period : Nil / Previous year : USD 60 Million))	6,396.57	-	4,547.40

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



Persistent Systems Limited

Notes forming part of consolidated financial statements

34 Business Combinations

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

In case of acquisitions the Goodwill is comprised of expected synergy benefit from combining operations and value of assembled work force which do not qualify for separate recognition.

Deferred purchase consideration in form of Earnouts is payable upon achievement of revenue and gross margin thresholds as specified in the agreements. The estimated range of outcome of payment of the same is assumed at 90%.

During the year ended March 31, 2022, the Group had acquired businesses including equity interests and/or customer relations together with the skilled employees and processes from Shree Infosoft Private Limited and Shree Partners LLC ("Shree Partners") and Data Glove Group.

The acquisition of the said businesses was accounted for using the acquisition method of accounting under Ind AS 103. The Group is in the process of performing the complete exercise of purchase price allocation of assets and liabilities assumed as at the reporting date. The Group has exercised the option available under Ind AS 103, which provides the Group a period of twelve months from the acquisition date for completing the accounting of purchase price allocation on provisional basis.

Entities acquisition during the period

On April 29, 2022, the Parent Company acquired MediaAgility India Private Limited.

Further, on May 4, 2022, Persistent Systems Inc. USA, a wholly-owned subsidiary of the Parent Company, completed the acquisition of MediaAgility Inc., USA and its subsidiaries in the UK, Mexico, and Singapore. The acquired companies have been together referred to as "Media Agility" in the notes elsewhere.

The acquisition of the said businesses is accounted for using the acquisition method of accounting under Ind AS 103. The Group is in the process of performing the complete exercise of purchase price allocation of assets and liabilities assumed as at the reporting date. The Group has exercised the option available under Ind AS 103, which provides the Group a period of twelve months from the acquisition date for completing the accounting of purchase price allocation on provisional basis.

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

With the increased demand for Google Cloud expertise, this acquisition will expand Group's ability to execute cloud-based digital transformation journeys for its global clients.

The fair value of amount of consideration is ₹ 5,574.79 million (including deferred purchase consideration of ₹ 1,168.18 million.)

Purchase price allocation :

Particulars	In ₹ Million
Current Assets	
Cash and & cash equivalents	622.66
Other Bank Balances	20.15
Trade receivables	1,062.23
Other current assets	18.29
Other current financial assets	313.91
Current Tax Assets (net)	18.15
Non-current assets	
Property, Plant and Equipment	11.63
Other non current assets	100.72
Loans	1.83
Deferred Tax Assets	10.39
Provisional intangible assets*	4,728.99
Subtotal	6,908.95
Current liabilities	
Trade and other payables	1,037.75
Borrowings	14.73
Other current liabilities	235.29
Provisions	26.43
Non current liabilities	
Provisions	19.96
Subtotal	1,334.16
Net assets taken over	5,574.79

*Based on provisional purchase price allocation, the Group has recognised the provisional intangible assets represented by contractual rights amounting to ₹ 1,941.88 million and goodwill amounting to ₹ 2,787.11 million.

Revenue of ₹ 369.78 million for the period ended June 30, 2022 is included in the financial statements. The profit included for the period ended June 30, 2022 is ₹ 41.51 million.



- 35 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules to determine the financial impact are published.
- 36 The Parent Company has deposits of ₹ 430 million with the financial institutions viz. Infrastructure Leasing & Financial Services Ltd. (IL&FS) and IL&FS Financial Services Ltd. (referred to as "IL&FS Group") as on the balance sheet date. These were due for maturity from January 2019 to June 2019. In view of the uncertainty prevailing with respect to recovery of outstanding balances from IL&FS Group, Management of the Parent Company has fully provided for these deposits, along with interest accrued thereon till the date the deposits had become doubtful of recovery. The Management is hopeful of recovery though with a time lag. The Parent Company continues to monitor developments in the matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposits.
- 37 Finance costs include interest on lease liability of ₹ 24.78 million under finance costs (Corresponding period: ₹ 14.07 million / Previous year ₹ 84.06 million) and notional interest on amounts due to selling shareholders ₹ 15.73 million (Corresponding period : Nil / Previous year: ₹ 15.73 million).
- 38 Pursuant to a whistle blower complaint, on verification, the Parent Company's management found that an employee had colluded with certain prospective candidates to submit fake experience certificates to get them hired with the Parent Company. Based on findings of an enquiry conducted by the management, this employee and those candidates hired have been terminated and no other similar issues have been identified in the talent acquisition process of the Parent Company. There is no material impact of the above on the financial statements. The Group has zero tolerance to such misconduct and ensures strict adherence to ethical standards.
- 39 The financial statements are presented in ₹ million and decimal thereof except for per share information or as otherwise stated.
- 40 Previous year's figures have been regrouped where necessary to conform to current year's classification.

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

Anand Deshpande

Shashi Tadwalkar

Shashi Tadwalkar

Partner

Membership No. :- 101797



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

Sandeep Kalra
Sandeep Kalra (Jul 21, 2022 22:53 GMT+5:30)

Dr. Anand Deshpande
Chairman and Managing
Director
DIN: 00005721

Place: Pune
Date : July 21, 2022

Sandeep Kalra
Executive Director and
Chief Executive Officer
DIN: 02506494

Place: Pune
Date : July 21, 2022

Praveen
Purushottam
Kadle
am Kadle
Digitally signed
by Praveen
Purushottam
Kadle
Date: 2022.07.21
23:17:41 +05:30

Praveen Kadle
Independent Director
DIN: 00016814

Place: Pune
Date : July 21, 2022

Sunil Sapre
Sunil Sapre (Jul 21, 2022 22:53 GMT+5:30)

Sunil Sapre
Executive Director and
Chief Financial Officer
DIN: 06475949

Place: Pune
Date : July 21, 2022

Amit Atre
Amit Atre (Jul 21, 2022 22:46 GMT+5:30)

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date : July 21, 2022

Place: Pune
Date : July 21, 2022





Walker Chandio & Co LLP

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West Wing, Nyati Unitree
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Maharashtra, India

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Independent Auditor's Report on the Audit of the Condensed Interim Standalone Financial Statements for the quarter ended 30 June 2022

To the Board of Directors of Persistent Systems Limited

Opinion

1. We have audited the accompanying condensed interim standalone financial statements of **Persistent Systems Limited** ('the Company'), which comprise the Condensed Balance Sheet as at **30 June 2022**, the Condensed Interim Statement of Profit and Loss (including Other Comprehensive Income), the Condensed Statement of Cash Flows and the Condensed Statement of Changes in Equity for the quarter ended on that date, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed interim standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in accordance with Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other generally accepted accounting principles in India, of the state of affairs of the Company as at 30 June 2022, its profit (including other comprehensive income), its cash flows and the changes in equity for the quarter ended on that date..

Basis for Opinion

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

Emphasis of Matter

4. We draw attention to note 37 of the condensed interim standalone financial statements, which describes receipt of a whistle blower complaint relating to certain irregularities in the talent acquisition process of the Company and the actions taken by the management. Our opinion is not modified in respect of this matter.

8



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

5. The accompanying condensed interim standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these condensed interim standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, in accordance with Ind AS 34 specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the condensed interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the condensed interim standalone 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

8. Our objectives are to obtain reasonable assurance about whether the condensed interim standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed interim standalone financial statements.
9. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;



Persistent Systems Limited

Independent Auditor's Report on the Audit of the Condensed Interim Standalone Financial Statements for the quarter ended 30 June 2022

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed interim standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the condensed interim standalone financial statements, including the disclosures, and whether the condensed interim standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
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.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No: 001076N/N500013



Shashi Tadwalkar

Partner

Membership No:101797



UDIN:22101797ANKHGP2262

Place: Pune

Date: 21 July 2022

Persistent Systems Limited

CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2022

	Notes	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
ASSETS				
Non-current assets				
Property, plant and equipment	4.1	2,795.38	2,230.03	2,733.61
Capital work-in-progress		1,206.52	110.27	1,071.02
Right of use assets	4.2	1,191.70	588.09	671.63
Other intangible assets	4.3	792.90	188.80	780.73
		5,986.50	3,117.19	5,256.99
Financial assets				
- Investments	5	11,402.44	7,844.20	8,734.81
- Loans	6	3,893.98	-	3,943.68
- Other non current financial assets	7	635.13	147.84	226.68
Deferred tax assets (net)	8	368.29	266.03	266.72
Other non-current assets	9	1,126.97	470.65	557.98
		23,433.31	11,845.92	18,986.86
Current assets				
Financial assets				
- Investments	10	1,821.62	9,292.04	4,346.91
- Trade receivables (net)	11	6,024.21	3,451.46	4,426.84
- Cash and cash equivalents	12	842.28	715.83	563.67
- Bank balances other than cash and cash equivalents	13	4,514.56	4,982.67	6,038.02
- Loans	14	-	-	-
- Other current financial assets	15	3,621.03	2,585.90	3,724.83
Other current assets	16	1,853.61	1,703.36	1,371.26
		18,677.31	22,731.26	20,471.53
TOTAL		42,110.62	34,577.18	39,458.39
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	17	764.25	764.25	764.25
Other equity		34,343.55	28,574.42	32,424.60
		35,107.80	29,338.67	33,188.85
LIABILITIES				
Non-current liabilities				
Financial liabilities				
- Borrowings	18	3.70	5.54	3.70
- Lease liabilities	19	964.12	550.42	611.75
Provisions	20	323.83	245.01	245.54
		1,291.65	800.97	860.99
Current liabilities				
Financial liabilities				
- Borrowings	18	1.97	2.02	1.93
- Lease liabilities	19	230.17	107.25	146.51
- Trade payables	21			
- Total outstanding dues of micro enterprises and small enterprises		18.16	10.68	10.30
- Total outstanding dues of creditors other than micro enterprises and small enterprises		957.90	1,188.86	844.68
- Other financial liabilities	22	664.81	196.51	382.98
Other current liabilities	23	1,948.82	1,760.03	1,509.04
Provisions	24	1,478.47	817.86	2,269.73
Current tax liabilities (net)		410.87	354.33	243.38
		5,711.17	4,437.54	5,408.55
TOTAL		42,110.62	34,577.18	39,458.39
Summary of significant accounting policies	3			

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

As per our report of even date

 For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No.: 001076/NIN/500013


Shashi Tadwalkar
Partner

Membership No.: 101797



Sunil Sapre

Sunil Sapre (10/21, 10/22/2021) (10/21/21)

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


Dr. Anand Deshpande
Chairman and Managing Director

DIN: 00005721

 Place: Pune
Date: July 21, 2022


Sandeep Kalra
Executive Director and Chief Executive Officer

DIN: 02506494

 Place: Pune
Date: July 21, 2022

 Praveen
Purushottam
am Kadle
Independent Director

DIN: 00016814

 Place: Pune
Date: July 21, 2022

 Sunil Sapre
Executive Director and
Chief Financial Officer

DIN: 06475949

 Place: Pune
Date: July 21, 2022

 Amit Atre
Company Secretary

Membership No. A20507

 Place: Pune
Date: July 21, 2022

 Place: Pune
Date: July 21, 2022


Persistent Systems Limited
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED JUNE 30, 2022

	Notes	For the quarter ended June 30, 2022 In ₹ Million	June 30, 2021 In ₹ Million	For the year ended March 31, 2022 In ₹ Million
Income				
Revenue from operations (net)	25	11,020.76	7,648.34	35,754.80
Other income	26	237.77	344.68	1,324.57
Total income (A)		11,258.53	7,993.02	37,079.37
Expenses				
Employee benefits expense	27.1	6,955.28	4,441.54	21,882.72
Cost of professionals	27.2	427.71	337.25	1,461.91
Finance costs (refer note 35)		19.86	18.50	68.78
Depreciation and amortization expense	4.4	284.53	162.71	837.57
Other expenses	28	1,260.19	823.15	3,707.78
Total expenses (B)		8,947.57	5,783.15	27,958.76
Profit before tax (A - B)		2,310.96	2,209.87	9,120.61
Tax expense				
Current tax		612.24	537.22	2,236.61
Tax charge in respect of earlier years		-	-	13.48
Deferred tax (credit)/ charge		(50.07)	11.70	11.86
Total tax expense		562.17	548.92	2,261.95
Profit for the period / year (C)		1,748.79	1,660.95	6,858.66
Other comprehensive Income				
Items that will not be reclassified to profit or loss (D)				
- Remeasurements of the defined benefit liabilities / asset		64.02	(78.04)	(255.00)
- Income tax effect on above		(16.11)	19.74	64.18
		47.91	(58.30)	(190.82)
Items that will be reclassified to profit or loss (E)				
- Effective portion of cash flow hedge		(284.03)	(127.10)	(130.50)
- Income tax effect on above		71.48	31.99	32.84
		(212.55)	(95.11)	(97.66)
Total other comprehensive Income for the period / year (D) + (E)		(164.64)	(153.41)	(288.48)
Total comprehensive Income for the period / year (C) + (D) + (E)		1,584.15	1,507.54	6,570.18
Earnings per equity share				
[Nominal value of share ₹10 (Corresponding period / Previous year: ₹10)]	29			
Basic (In ₹)		22.88	21.73	89.74
Diluted (In ₹)		22.88	21.73	89.74
Summary of significant accounting policies	3			

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

As per our report of even date

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

Anand Deshpande

Shashi Tadwalkar
Shashi Tadwalkar
Partner

Membership No.: 101797



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

Sandeep Kalra
Sandeep Kalra (Jul 21, 2022 22:53 GMT+5:30)

Dr. Anand Deshpande
Chairman and Managing
Director
DIN: 00005721

Place: Pune
Date : July 21, 2022

Sandeep Kalra
Executive Director and
Chief Executive Officer
DIN: 02506494

Place: Pune
Date : July 21, 2022

Praveen
Purushottam
Kadle
Independent Director
DIN: 00016814

Place: Pune
Date : July 21, 2022

Sunil Sapre
Sunil Sapre (Jul 21, 2022 22:51 GMT+5:30)

Sunil Sapre
Executive Director and
Chief Financial Officer
DIN: 06475949

Place: Pune
Date : July 21, 2022

Amit Atre
Amit Atre (Jul 21, 2022 11:50 GMT+5:30)

Amit Atre
Company Secretary

Membership No. A20507

Place: Pune
Date : July 21, 2022



Place: Pune
Date : July 21, 2022

Persistent Systems Limited
CONDENSED INTERIM CASH FLOW STATEMENT FOR QUARTER ENDED JUNE 30, 2022

	For the Quarter ended June 30, 2022 In ₹ Million	For the year ended June 30, 2021 In ₹ Million	For the year ended March 31, 2022 In ₹ Million
Cash flows from operating activities			
Profit before tax	2,310.96	2,209.87	9,120.61
Adjustments for:			
Interest income	(167.22)	(117.69)	(593.58)
Finance cost	19.86	18.50	68.78
Dividend income	-	-	(53.16)
Depreciation and amortization expense	284.53	162.71	837.57
Unrealised exchange (gain) / loss (net)	(8.62)	(15.39)	26.38
Exchange loss on derivative contracts	79.30	43.71	79.38
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents	(12.17)	(7.96)	0.29
Bad debts	-	-	12.12
Change in provision for expected credit loss (net)	(4.29)	(6.37)	(29.97)
Employee stock compensation expenses	266.03	130.07	739.52
Remeasurements of the defined benefit liabilities / assets (before tax effects)	64.02	(78.04)	(190.82)
Excess provision in respect of earlier years written back	(0.95)	-	(15.53)
Profit on sale/ fair valuation of financial assets designated as FVTPL	(19.92)	(108.69)	(338.78)
Profit on sale of Property, Plant and Equipment (net)	(0.13)	(0.03)	(12.31)
Operating profit before working capital changes	2,811.40	2,230.69	9,650.50
Movements in working capital :			
Decrease / (Increase) in other non current assets	11.44	(6.22)	(40.48)
(Increase) / Decrease in other non current financial assets	(112.67)	3.64	(70.68)
Decrease / (Increase) in other current financial assets	87.98	(652.70)	(1,594.52)
(Increase) / Decrease in other current assets	(482.83)	(38.14)	285.67
Increase in trade receivables	(1,555.74)	(469.99)	(1,470.96)
Increase in trade payables, current liabilities and non current liabilities	1,131.15	674.77	273.76
(Decrease) / Increase in provisions	(712.02)	(323.66)	1,144.27
Operating profit after working capital changes	1,178.71	1,418.39	8,177.56
Direct taxes paid (net of refunds)	(460.86)	(475.29)	(2,318.85)
Net cash generated from operating activities	(A) 717.85	943.10	5,858.71
Cash flows from investing activities			
Payment towards capital expenditure (including intangible assets, capital advances and capital creditors)	(1,595.23)	(677.00)	(2,728.84)
Acquisition of assets through business combination	-	-	(628.87)
Proceeds from sale of Property, Plant and Equipment	0.22	0.19	13.19
Investment in wholly owned subsidiaries	(2,652.93)	-	(645.52)
Recovery / (Disbursement) of Loan to ESOP trust	42.00	-	(3,522.00)
Purchase of bonds	-	(331.95)	(711.90)
Proceeds from sale of bonds	-	177.88	499.95
Investments in mutual funds	(8,735.06)	(9,783.47)	(33,456.80)
Proceeds from sale / maturity of mutual funds	11,281.39	7,088.97	35,762.24
Maturity in bank deposits having original maturity over three months	1,283.13	2,219.21	1,249.81
Investment in deposit with financial institutions	(100.00)	-	(100.00)
Inter corporate deposits given to wholly owned subsidiary	-	-	(419.59)
Interest received	193.18	268.62	709.07
Dividend received	-	-	53.16
Net cash used in investing activities	(B) (283.30)	(1,037.55)	(3,926.10)
Cash flows from financing activities			
Repayment of long term borrowings	-	-	(1.84)
Payment of lease liabilities	(148.29)	(41.96)	(173.67)
Dividend paid	-	-	(1,987.05)
Interest paid	(19.82)	(18.44)	(68.81)
Net cash used in financing activities	(C) (168.11)	(60.40)	(2,231.37)



Persistent Systems Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR QUARTER ENDED JUNE 30, 2022

	For the quarter ended June 30, 2022	For the quarter ended June 30, 2021	For the year ended March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	266.44	(154.85)	(298.76)
Cash and cash equivalents at the beginning of the year	563.67	862.72	862.72
Effect of exchange differences on translation of foreign currency cash and cash equivalents	12.17	7.96	(0.29)
Cash and cash equivalents at the end of the period/ year	842.28	715.83	563.67
Components of cash and cash equivalents			
Cash on hand (refer note 12)	0.17	0.18	0.09
Balances with banks			
On current accounts # (refer note 12)	367.21	442.18	302.74
On saving accounts (refer note 12)	25.60	7.50	1.64
On exchange earner's foreign currency accounts (refer note 12)	449.30	265.97	259.20
Cash and cash equivalents	842.28	715.83	563.67

Of the cash and cash equivalent balance as at June 30, 2022, the Company can utilise ₹ 128.11 million (Corresponding period : ₹ 227.86 million, Previous year: ₹ 35.75 million) only towards certain predefined activities specified in the agreement.

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of

Persistent Systems Limited

Anand Deshpande

Shashi Tadwalkar
Shashi Tadwalkar
Partner

Membership No.: 101797



Sandeep Kalra
Sandeep Kalra (Jul 21, 2022 22:53 GMT+5.30)

Dr. Anand Deshpande

Chairman and
Managing Director

DIN: 00005721

Place: Pune

Date : July 21, 2022

Sandeep Kalra

Executive Director and
Chief Executive Officer

DIN: 02506494

Place: Pune

Date : July 21, 2022

Praveen
Purushottam
am Kadle

Praveen Kadle
Independent Director

DIN: 00016814

Place: Pune

Date : July 21, 2022

Sunil Sapre

Sunil Sapre (Jul 21, 2022 22:53 GMT+5.30)

Sunil Sapre

Executive Director and
Chief Financial Officer

DIN: 06475949

Place: Pune

Date : July 21, 2022

Amit Atre

Amit Atre (Jul 21, 2022 22:53 GMT+5.30)

Amit Atre

Company Secretary

Membership No. A20507

Place: Pune

Date : July 21, 2022

Place: Pune

Date : July 21, 2022



Persistent Systems Limited**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR QUARTER ENDED JUNE 30, 2022****A. Equity share capital**
(Refer note 17)

(In ₹ Million)		
Balance as at April 1, 2022	Changes in equity share capital during the period	Balance as at June 30, 2022
764.25	-	764.25

(In ₹ Million)		
Balance as at April 1, 2021	Changes in equity share capital during the period	Balance as at June 30, 2021
764.25	-	764.25

(In ₹ Million)		
Balance as at April 1, 2021	Changes in equity share capital during the year	Balance as at March 31, 2022
764.25	-	764.25

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Persistent Systems Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR QUARTER ENDED JUNE 30, 2022

B. Other equity

Particulars	Reserves and surplus				Items of other comprehensive income	Total
	General reserve	Share options outstanding reserve	Capital redemption reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2022	17,376.65	1,144.84	35.75	13,825.56	41.80	32,424.60
Profit for the period	-	-	-	1,748.79	-	1,748.79
Other comprehensive income for the period	-	-	-	47.91	(212.55)	(164.64)
Employee stock compensation expenses	-	266.03	-	-	-	266.03
Employee stock compensation expenses of subsidiaries	-	68.77	-	-	-	68.77
Balance as at June 30, 2022	17,376.65	1,479.64	35.75	15,622.26	(170.75)	34,343.55

Particulars	Reserves and surplus				Items of other comprehensive income	Total
	General reserve	Share options outstanding reserve	Capital redemption reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2021	14,356.35	471.20	35.75	11,888.23	139.46	26,890.99
Net profit for the period	-	-	-	1,660.95	-	1,660.95
Other comprehensive income for the period	-	-	-	(58.30)	(95.11)	(153.41)
Employee stock compensation expenses	-	130.07	-	-	-	130.07
Employee stock compensation expenses of subsidiaries	-	45.82	-	-	-	45.82
Balance as at June 30, 2021	14,356.35	647.09	35.75	13,490.88	44.35	28,574.42

Particulars	Reserves and surplus				Items of other comprehensive income	Total
	General reserve	Share options outstanding reserve	Capital redemption reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2021	14,356.35	471.20	35.75	11,888.23	139.46	26,890.99
Profit for the year	-	-	-	6,858.66	-	6,858.66
Other comprehensive income for the year	-	-	-	(190.82)	(97.66)	(288.48)
Dividend	-	-	-	(1,987.05)	-	(1,987.05)
Transfer to general reserve	2,743.46	-	-	(2,743.46)	-	-
Adjustments towards employees stock options	276.84	(276.84)	-	-	-	-
Employee stock compensation expenses	-	739.52	-	-	-	739.52
Employee stock compensation expenses of subsidiaries	-	210.96	-	-	-	210.96
Balance as at March 31, 2022	17,376.65	1,144.84	35.75	13,825.56	41.80	32,424.60

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No.: 001076/N/500013

Anand Deshpande



Shashi Tadwalkar
Partner

Membership No.: 101797



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



Dr. Anand Deshpande
Chairman and Managing Director

DIN: 00005721

Place: Pune
Date : July 21, 2022

Sandeep Kalra
Executive Director and Chief
Executive Officer

DIN: 02506494

Place: Pune
Date : July 21, 2022

Praveen
Purushottam
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Praveen Kadle
Independent Director

DIN: 00016814

Place: Pune
Date : July 21, 2022



Sunil Sapre (Jul 21, 2022 22:51 GMT+5:30)

Sunil Sapre
Executive Director and
Chief Financial Officer

DIN: 06475949

Place: Pune
Date : July 21, 2022



Amit Atre (Jul 21, 2022 22:40 GMT+5:30)

Amit Atre
Company Secretary

Membership No. A20507

Place: Pune
Date : July 21, 2022

Place: Pune
Date : July 21, 2022



Nature and purpose of reserves

a) General reserve

General reserve represents amounts transferred from profit/ loss for the year and the amounts from Share options outstanding reserve to the extent they relate to exercise/ expiry of employee share options. It is a free reserve in terms of section 2 (43) of the Companies Act, 2013.

b) Share options outstanding reserve

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

c) Capital redemption reserve

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

d) Retained earnings

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

e) Cash flow hedge reserve

When a derivative is designated as cashflow hedging instrument the effective portion of changes in the fair value of derivative is recognised in Other comprehensive income (OCI) and accumulated in cashflow hedge reserve.

Cumulative gains or losses previously recognised in cashflow hedge reserve are recognised in the statement of profit and loss in the period in which such transaction occurs/ hedging instruments are settled/ cancelled.



1 Nature of operations

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

The Board of Directors approved the condensed interim financial statements for the quarter ended June 30, 2022 and authorised for issue on July 21, 2022.

2 Basis of preparation

2.1 Historical cost convention and Indian Accounting Standards

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

2.2 Compliance with Ind AS

These condensed interim financial statements are prepared in accordance with Indian Accounting Standard (Ind AS) 34 Interim Financial Reporting, as prescribed by Section 133 of the Companies Act 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2021 and guidelines issued by the Securities and Exchange Board of India (SEBI). These condensed interim financial statements do not include all the information required for a complete set of financial statements under the applicable financial reporting framework.

2.3 New amendments Issued but not effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. During quarter ended June 30, 2022, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

2.4 Reclassifications consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on March 24, 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from April 1, 2021.

Consequent to above, the Company has changed the classification/ presentation of (i) current maturities of long-term borrowings (ii) security deposits, in the corresponding previous period.

The current maturities of long-term borrowings (including interest accrued) has now been included in the "Current borrowings" line item. Previously, current maturities of long-term borrowings and interest accrued were included in 'other financial liabilities' line item.

Further, security deposits (which meet the definition of a financial asset as per Ind AS 32) have been included in 'other financial assets' line item. Previously, these deposits were included in 'loans' line item.

The Company has reclassified comparative amounts to conform with current period presentation as per the requirements of Ind AS 1. The impact of such classifications is summarised below:

Balance Sheet (extract)	June 30, 2021 (Previously Reported)	Increase / (Decrease)	June 30, 2021 (Restated)
Non-current assets			
Loans	106.53	(106.53)	-
Other non-current financial assets	41.31	106.53	147.84
Current assets			
Loans	0.10	(0.10)	-
Other current financial assets	2,585.80	0.10	2,585.90
Current liabilities			
Other financial liabilities	198.53	(2.02)	196.51
Borrowings	-	2.02	2.02



3 Significant accounting policies

3.1 Use of estimates

The preparation of the condensed interim 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 condensed interim financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the condensed interim financial statements.

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

The Company has considered all possible impacts of COVID-19 in the preparation of these condensed interim financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition owing to changes in cost budgets of fixed price contracts, impact on leases, impact on effectiveness of its hedges and impact on the recoverable amount of goodwill. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the condensed interim financial statements may differ from that estimated as at the date of approval of these condensed interim financial statements owing to the nature and duration of COVID-19.

3.3 Critical accounting estimates

a) Revenue recognition

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

Revenue from fixed price maintenance type contracts is recognized 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 contracts is recognised rateably using a percentage-of-completion method when the pattern of benefits from the services rendered to the customer and the Company's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of a method to recognise such revenues requires judgment and is based on the promises in the contract and nature of the deliverables.

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.



b) Income taxes

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

Management evaluates if the deferred tax assets will be realised in future considering the historical taxable income, scheduled reversals of deferred tax liabilities, projected future taxable income and tax-planning strategies. While the Management believes that the Company will realise the deferred tax assets, the amount of deferred tax asset realisable, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

c) Business combination

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

d) Property, plant and equipment

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

e) Leases

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

3.4 Summary of significant accounting policies**a) Current versus non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013 (the "Act"). Operating cycle is the time between the acquisition of resources / assets for processing and their realisation in cash and cash equivalents. Based on the nature of products/ services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months.

b) Property, Plant and Equipment

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

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

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



c) Intangible assets

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

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

Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate:

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

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

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

d) Depreciation and amortization

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

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

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

*For these classes of assets, based on 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.

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

Intangible assets are amortized on a straight-line basis over their estimated useful lives ranging from 3 to 6 years from the day the asset is made available for use.

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.

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

e) Borrowing costs

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

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



f) Leases

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

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

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

Where the Company is a lessee

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

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

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

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

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

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

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

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

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

Company as a lessor

At the inception of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. 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.



g) Impairment of Non-financial assets

The Company assesses at each reporting date, if there is any indication of impairment based on internal/ external factors. If any indications exist, the Company estimates the asset's recoverable amount unless the asset does not generate cash flows that are largely independent of those from other assets.

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

h) Financial instruments

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

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company's business model refers to how it manages 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.

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 recognized as finance income in the statement of profit and loss.

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

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

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

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

Financial liabilities**Financial liabilities at amortised cost**

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

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

Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss if the recognition criteria as per Ind AS 109 – "Financial Instruments" are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss.

Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Company has not designated any financial liability as FVTPL.

Investments in subsidiaries, associates and joint ventures

Investment in subsidiaries, associates and joint ventures are carried at cost.



Derivative financial instruments

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

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

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

Gains or losses relating to the ineffective portion is immediately recognised in profit or loss.

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

Derivatives which do not qualify for hedge accounting are accounted as fair value through profit or loss.

Derecognition

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

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

Financial guarantee contracts

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

Fair value of financial instruments

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

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

All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. Refer to the table on financial instruments by category below for the disclosure on carrying value and fair value of financial assets and liabilities. 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 debt 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.



i) Revenue recognition

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized 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 recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Income from software services and products

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

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

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

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

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

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

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

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

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

Interest

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

Dividend

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

Contract balances**Contract assets**

A contract asset is the right to consideration in exchange for services or products transferred to the customer. If the Company provides services or transfers products to the customer before the customer pays consideration or before the payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to provide services or transfer products to a customer for which the Company has received consideration (or an amount of consideration is due) from the total consideration. If the Company receives the consideration from the customer before the Company provides services or transfers products to the customer, a contract liability is recognised for the received consideration that is conditional.



j) Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets while grants related to expenses are deducted in reporting the related expenses in the income statement.

k) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

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

Conversion

Foreign currency monetary items are 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.

Exchange differences

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

Translation of foreign operations

The assets and liabilities of a foreign operation are translated into the reporting currency (INR) at the exchange rate prevailing at the reporting date.

l) Retirement and other employee benefits

Provident fund

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

Gratuity

Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by the insurer is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

Leave encashment

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

Long service awards

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



m) Income taxes

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

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

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

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the period in which the temporary differences originate.

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

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

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

n) Segment reporting

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

o) Earnings per share (EPS)

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

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

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

p) Provisions

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

q) Contingent liabilities

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



r) Cash and cash equivalents

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

s) Share based payments

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

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

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

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

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

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

t) Equity

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

u) Dividend

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

v) Business Combination

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

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

Acquisition-related costs are expensed as incurred.

The excess of the

- Consideration transferred;

- Amount of any non-controlling interest in the acquired business, and

- Acquisition-date fair value of any previous equity interest in the acquired business

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

w) Goodwill / Gain on bargain purchase

Goodwill represents the cost of business acquisition in excess of the Company's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized in the other comprehensive income as gain on bargain purchase. Subsequent to initial recognition, Goodwill is measured at cost less accumulated impairment losses.

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Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

4.1 Property, plant and equipment

	(In ₹ Million)							
	Land-Freehold	Buildings*	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles
Gross block (at cost)								
As at April 1, 2022	206.92	2,389.08	3,273.91	58.00	1,389.40	20.79	557.84	7.27
Additions	-	-	231.31	1.83	7.33	-	21.75	-
Disposals	-	-	3.48	-	-	-	0.78	-
As at June 30, 2022	206.92	2,389.08	3,501.74	59.83	1,396.73	20.79	578.81	7.27
Accumulated depreciation								
As at April 1, 2022	-	1,253.87	2,156.39	50.81	1,180.30	20.79	501.49	5.95
Charge for the period	-	24.03	152.03	0.67	13.17	-	10.23	0.23
Disposals	-	-	3.39	-	-	-	0.78	-
As at June 30, 2022	-	1,277.90	2,305.03	51.48	1,193.47	20.79	510.94	6.18
Net block								
As at June 30, 2022	206.92	1,111.18	1,196.71	8.35	203.26	-	67.87	1.09

4.2 Right of use assets

	(In ₹ Million)		
	Office premises	Leasehold land	Total
Gross block (at cost)			
As at April 1, 2022	808.27	37.50	845.77
Additions	470.03	94.47	564.50
As at June 30, 2022	1,278.30	131.97	1,410.27
Accumulated depreciation			
As at April 1, 2022	172.38	1.76	174.14
Charge for the period	44.12	0.31	44.43
As at June 30, 2022	216.50	2.07	218.57
Net block			
As at June 30, 2022	1,061.80	129.90	1,191.70

* Note: Building includes those constructed on leasehold land:

- a) Gross block as on June 30, 2022 ₹ 1,455.94 million (Corresponding period ₹ 1,454.64 Million / Previous year ₹ 1,455.94 million)
b) Depreciation charge for the year ₹ 14.73 million (Corresponding period ₹ 14.72 Million / Previous year ₹ 59.07 million)
c) Accumulated depreciation as on June 30, 2022 ₹ 631.87 million (Corresponding period ₹ 572.79 Million / Previous year ₹ 617.14 million)
d) Net block value as on June 30, 2022 ₹ 824.07 million (Corresponding period ₹ 881.85 Million / Previous year ₹ 838.80 million)



Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

4.1 Property, plant and equipment

	(In ₹ Million)								
	Land-Freehold	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (at cost)									
As at April 1, 2021	206.92	2,387.73	2,331.29	57.84	1,407.04	20.79	527.32	7.24	6,946.17
Additions	-	0.04	47.10	3.19	17.39	-	9.06	-	76.78
Disposals	-	-	0.52	-	-	-	0.72	-	1.24
As at June 30, 2021	206.92	2,387.77	2,377.87	61.03	1,424.43	20.79	535.66	7.24	7,021.71
Accumulated depreciation									
As at April 1, 2021	-	1,157.49	1,732.90	51.75	1,215.65	20.19	492.97	4.98	4,675.93
Charge for the period	-	24.02	76.35	0.67	10.94	0.21	4.41	0.23	116.83
Disposals	-	-	0.36	-	-	-	0.72	-	1.08
As at June 30, 2021	-	1,181.51	1,808.89	52.42	1,226.59	20.40	496.66	5.21	4,791.68
Net block									
As at June 30, 2021	206.92	1,206.26	568.98	8.61	197.84	0.39	39.00	2.03	2,230.03

4.2 Right of use assets

	(In ₹ Million)		
	Office premises	Leasehold land	Total
Gross block (at cost)			
As at April 1, 2021	443.17	37.50	480.67
Additions	302.65	-	302.65
Disposals	110.28	-	110.28
As at June 30, 2021	635.54	37.50	673.04
Accumulated depreciation			
As at April 1, 2021	164.87	1.18	166.05
Charge for the period	29.03	0.15	29.18
Disposals	110.28	-	110.28
As at June 30, 2021	83.62	1.33	84.95
Net block			
As at June 30, 2021	551.92	36.17	588.09

4.1 Property, plant and equipment

(In ₹ Million)									
	Land-Freehold	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (at cost)									
As at April 1, 2021	206.92	2,387.73	2,331.29	57.84	1,407.04	20.79	527.32	7.24	6,946.17
Additions	-	1.35	952.88	3.95	72.38	-	61.66	0.03	1,092.25
Additions through business combinatio	-	-	1.70	0.08	0.19	-	-	-	1.97
Disposals	-	-	11.96	3.87	90.21	-	31.14	-	137.18
As at March 31, 2022	206.92	2,389.08	3,273.91	58.00	1,389.40	20.79	557.84	7.27	7,903.21
Accumulated depreciation									
As at April 1, 2021	-	1,157.49	1,732.90	51.75	1,215.65	20.19	492.97	4.98	4,675.93
Charge for the year	-	96.38	435.14	2.93	54.70	0.60	39.25	0.97	629.97
Disposals	-	-	11.65	3.87	90.05	-	30.73	-	136.30
As at March 31, 2022	-	1,253.87	2,156.39	50.81	1,180.30	20.79	501.49	5.95	5,169.60
Net block									
As at March 31, 2022	206.92	1,135.21	1,117.52	7.19	209.10	-	56.35	1.32	2,733.61



Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

4.2 Right of use assets

	(In ₹ Million)		
	Office premises	Leasehold land	Total
Gross block (at cost)			
As at April 1, 2021	443.17	37.50	480.67
Additions	495.78	-	495.78
Disposals	130.68	-	130.68
As at March 31, 2022	808.27	37.50	845.77
Accumulated depreciation			
As at April 1, 2021	164.87	1.18	166.05
Charge for the year	127.21	0.58	127.79
Disposals	119.70	-	119.70
As at March 31, 2022	172.38	1.76	174.14
Net block			
As at March 31, 2022	635.89	35.74	671.63

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Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

4.3 Other intangible assets

	Software	Acquired contractual rights	Provisional Intangible Assets	(In ₹ Million) Total
Gross block				
As at April 1, 2022	987.10	261.74	626.90	1,875.74
Additions	51.91	-	-	51.91
As at June 30, 2022	1,039.01	261.74	626.90	1,927.65
Accumulated amortization				
As at April 1, 2022	821.98	261.74	11.29	1,095.01
Charge for the period	20.53	-	19.21	39.74
As at June 30, 2022	842.51	261.74	30.50	1,134.75
Net block				
As at June 30, 2022	196.50	-	596.40	792.90

	Software	Acquired contractual rights	(In ₹ Million) Total
Gross block			
As at April 1, 2021	925.11	261.74	1,186.85
Additions	33.85	-	33.85
As at June 30, 2021	958.96	261.74	1,220.70
Accumulated amortization			
As at April 1, 2021	753.46	261.74	1,015.20
Charge for the period	16.70	-	16.70
As at June 30, 2021	770.16	261.74	1,031.90
Net block			
As at June 30, 2021	188.80	-	188.80

	Software	Acquired contractual rights	Provisional Intangible Assets	(In ₹ Million) Total
Gross block				
As at April 1, 2021	925.11	261.74	-	1,186.85
Additions	61.99	-	-	61.99
Additions through business combination (refer note 33)	-	-	626.90	626.90
As at March 31, 2022	987.10	261.74	626.90	1,875.74
Accumulated amortization				
As at April 1, 2021	753.46	261.74	-	1,015.20
Charge for the year	68.52	-	11.29	79.81
As at March 31, 2022	821.98	261.74	11.29	1,095.01
Net block				
As at March 31, 2022	165.12	-	615.61	780.73

4.4 Depreciation and amortization expense

	For the quarter ended June 30, 2022	For the quarter ended June 30, 2021	For the Year ended March 31, 2022
On Property, plant and equipment	200.36	116.83	629.97
On Right of use assets	44.43	29.18	127.79
On Other intangible assets	39.74	16.70	79.81
	284.53	162.71	837.57



Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

5. Non-current financial assets : Investments

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Investments carried at cost			
Unquoted investments			
Investments in equity instruments			
- In wholly owned subsidiary companies (Refer note 31)			
Persistent Systems, Inc.			
702 million (Corresponding period: 402 million. Previous year: 482 million) shares of USD 0.10 each, fully paid up	4,729.74	2,478.01	3,048.26
Persistent Systems Pte Ltd.			
0.50 million (Corresponding period/ Previous year: 0.50 million) shares of SGD 1 each, fully paid up	15.50	15.50	15.50
Persistent Systems France SAS			
1.50 million (Corresponding period/ Previous year: 1.50 million) shares of EUR 1 each, fully paid up	97.47	97.47	97.47
Persistent Systems Malaysia Sdn. Bhd.			
5.45 million (Corresponding period/ Previous year: 5.45 million) shares of MYR 1 each, fully paid up	102.25	102.25	102.25
Persistent Systems Germany GmbH			
11.65 million (Corresponding period/ Previous year: 11.65 million) shares of EUR 1 each, fully paid up	1,265.91	1,265.91	1,265.91
CAPIOT Software Private Limited			
0.19 million (Corresponding period 0.19 / Previous year: 0.19) shares of Rs. 10 each, fully paid up	483.71	382.31	483.71
Media Agility India Private Limited	871.45	-	-
3.21 million (Corresponding period Nil / Previous year: Nil) shares of Rs. 10 each, fully paid up.			
- In associates			
Klisma e-Services Private Limited [Holding Nil (Corresponding period : 50%, Previous year: Nil)] #			
Nil (Corresponding period : 0.005 million, Previous year Nil) shares of ₹ 10 each, fully paid up	-	0.05	-
Less : Impairment	-	(0.05)	-
Total Investments carried at cost (A)	7,666.03	4,341.45	5,013.10
Investments carried at amortised cost			
Quoted investments			
In bonds	2,801.81	2,725.59	2,801.81
[Market value ₹ 2,734.12 million (Corresponding period: ₹ 2,909.38 million /Previous year ₹ 2,863.32 million)]			
Add: Interest accrued on bonds	93.30	91.66	77.48
Total Investments carried at amortised cost (B)	2,895.11	2,817.25	2,879.29
Designated as fair value through profit and loss			
Unquoted Investments			
- Investments in mutual funds			
Fair value of long term mutual funds (Refer Note 5 (a))	835.30	679.50	836.42
	835.30	679.50	836.42
- Others*			
Allizon Systems Private Limited			
3,766 equity shares (Corresponding period/ Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up	6.00	6.00	6.00
	6.00	6.00	6.00
Total investments carried at fair value (C)	841.30	685.50	842.42
Total investments (A) + (B) + (C)	11,402.44	7,844.20	8,734.81
Aggregate provision for diminution in value of investments		0.05	-
Aggregate amount of quoted investments	2,895.11	2,817.25	2,879.29
Aggregate amount of unquoted Investments	8,507.33	5,027.00	5,855.52

Klisma e-Services Private Limited ('Klisma'), an Associate Company of the Company has been dissolved w.e.f. August 10, 2021 vide dissolution order passed by the Hon'ble National Company Law Tribunal, Mumbai Bench.

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



Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

5 (a) Details of fair value of investment in long term mutual funds (unquoted)

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Axis mutual fund	470.48	354.96	471.15
IDFC mutual fund	364.82	324.54	365.27
	835.30	679.50	836.42

6. Non-current financial assets : Loans

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Carried at amortised cost			
Loan to related parties			
- Persistent Systems Germany GmbH	409.93	-	420.67
Add: Interest accrued but not due on loan	4.05	-	1.01
	413.98	-	421.68
Other loans and advances			
Unsecured, considered good			
Loan to ESOP trust	3,480.00	-	3,522.00
	3,480.00	-	3,522.00
Unsecured, credit impaired			
Inter-corporate deposit	0.58	0.58	0.58
Less: Impairment	(0.58)	(0.58)	(0.58)
	-	-	-
	3,893.98	-	3,943.68

7. Other non-current financial assets

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Considered good			
Carried at amortised cost			
Deposits with Bank (refer note 13)*	197.39	41.26	3.19
Add: Interest accrued but not due on deposits with Bank (refer note 13)	0.07	0.05	0.17
	197.46	41.31	3.36
Deposit with financial institutions	200.00	-	100.00
Add: Interest accrued but not due on deposit with financial institutions	2.09	-	0.41
	202.09	-	100.41
Security deposits	235.58	106.53	122.91
Considered good (A)	635.13	147.84	226.68
Credit impaired			
Deposit with financial institutions	430.00	430.00	430.00
Add: Interest accrued but not due on deposit with financial institutions	0.98	0.98	0.98
Less: Credit impaired	(430.98)	(430.98)	(430.98)
Credit impaired (B)	-	-	-
Total (A+B)	635.13	147.84	226.68

* Out of the balance, fixed deposits of ₹ 28.34 million (Corresponding period : ₹ 2.09 million/ Previous year : ₹ 3.03 million) have been earmarked against credit facilities and bank guarantees availed by the Company.

8. Deferred tax assets (net)

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Deferred tax liabilities			
Differences in book values and tax base values of block of property, plant and equipment and other intangible assets	82.47	38.71	87.05
Capital gains (net)	16.27	67.45	51.11
Cash flow hedges	-	14.91	14.06
	98.74	121.07	152.22
Deferred tax assets			
Provision for leave encashment	109.96	84.36	125.68
Provision for long service awards	89.85	66.50	67.97
Allowance for expected credit loss	-	26.91	21.19
Tax credit	58.16	65.97	56.61
Right of use asset and lease liability	34.44	26.09	30.21
Cash flow hedges	57.43	-	-
Others	137.19	117.27	117.28
	487.03	387.10	418.94
Deferred tax assets (net)	388.29	266.03	266.72



Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

9. Other non-current assets

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Capital advances (unsecured, considered good)	716.95	93.32	136.52
Prepayments	113.47	80.79	124.91
Balances with government authorities	296.55	296.55	296.55
	1,126.97	470.66	557.98

10. Current financial assets : Investments

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Designated as fair value through profit and loss			
- Unquoted investments			
Investments in mutual funds			
Fair value of current mutual funds (refer note '10(a)' below)	1,821.62	9,292.04	4,346.91
Total carrying amount of investments	1,821.62	9,292.04	4,346.91
Aggregate amount of quoted investments	-	-	-
Aggregate amount of unquoted investments	1,821.62	9,292.04	4,346.91

10(a) Details of fair value of current investment in mutual funds (unquoted)

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Aditya Birla Sun Life Mutual Fund	702.85	1,268.25	883.65
Axis Mutual Fund	355.87	1,184.73	672.70
IDFC Mutual Fund	251.23	1,213.11	457.54
DSP Mutual Fund	120.02	160.04	443.20
HDFC Mutual Fund	85.51	1,511.18	-
L&T Mutual Fund	66.10	435.26	-
Kotak Mutual Fund	60.01	484.28	521.63
ICICI Prudential Mutual Fund	60.01	760.64	399.94
UTI Mutual Fund	60.01	1,192.17	337.68
SBI Mutual Fund	60.01	789.08	120.01
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	-	-	472.88
Sundaram mutual fund	-	155.37	37.68
Tata Mutual Fund	-	100.36	-
PGIM India Mutual Fund (formerly known as DHFL Pramerica Mutual Fund)	-	37.57	-
	1,821.62	9,292.04	4,346.91

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Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

11. Trade receivables

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Unsecured, considered good	6,024.21	3,451.46	4,426.84
Unsecured, credit impaired	79.11	106.90	84.21
	<u>6,103.32</u>	<u>3,558.36</u>	<u>4,511.05</u>
Less : Allowance for expected credit loss	(79.11)	(106.90)	(84.21)
	<u>6,024.21</u>	<u>3,451.46</u>	<u>4,426.84</u>
	<u>6,024.21</u>	<u>3,451.46</u>	<u>4,426.84</u>

12. Cash and cash equivalents

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Cash and cash equivalents as presented in cash flow statement			
Cash on hand	0.17	0.18	0.09
Balances with banks			
On current accounts#	367.21	442.18	302.74
On saving accounts	25.60	7.50	1.64
On exchange earner's foreign currency accounts	449.30	265.97	259.20
	<u>842.28</u>	<u>715.83</u>	<u>563.67</u>

Of the cash and cash equivalent balance as at June 30, 2022, the Company can utilise ₹ 128.11 million (Corresponding period : ₹ 227.86 million, Previous year: ₹ 35.75 million) only towards certain predefined activities specified in the agreement.

13. Bank balances other than cash and cash equivalents

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Deposits with banks*	4,575.53	4,889.26	5,858.66
Add: Interest accrued but not due on deposits with banks	133.78	131.58	170.78
Deposits with banks (carried at amortised cost)	4,708.81	5,020.84	6,038.44
Less: Deposit with maturity more than twelve months from the balance sheet date disclosed under non-current financial assets (refer note 7)	(197.39)	(41.26)	(3.19)
Less: Interest accrued but not due on non-current deposits with banks (refer note 7)	(0.07)	(0.05)	(0.17)
	<u>4,511.35</u>	<u>4,979.53</u>	<u>6,035.08</u>
Balances with banks on unpaid dividend accounts**	3.21	3.14	2.94
	<u>4,514.56</u>	<u>4,982.67</u>	<u>6,038.02</u>

* Out of the balance, fixed deposits of ₹ 624.48 million (Corresponding period: ₹ 644.49 million/ Previous year : ₹ 644.36 million) have been earmarked against credit facilities and bank guarantees availed by the Company.

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



Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

14. Current financial assets : Loans

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Carried at amortised cost			
Loan to related parties			
Unsecured, credit impaired			
- Klisma e-Services Private Limited	-	27.43	-
	-	27.43	-
Less: Write off / impairment	-	(27.43)	-
	-	-	-
	-	-	-

15. Other current financial assets

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Derivative Instruments at fair value through OCI			
Cash flow hedges			
Foreign exchange forward contracts	-	123.65	84.59
Carried at amortised cost			
Advances to related parties (Unsecured, considered good)			
Persistent Systems, Inc.	-	-	69.15
Persistent Systems France SAS	0.67	0.50	5.49
Persistent Telecom Solutions Inc.	0.14	0.12	0.13
Persistent Systems Malaysia Sdn. Bhd.	0.07	0.07	0.07
Persistent Systems Lanka (Private) Limited	0.19	0.15	0.72
Aepona Limited	-	3.32	1.16
Aepona Group Limited	0.04	0.04	0.08
PARX Consulting GmbH	-	0.06	0.06
Software Corporation LLC.	-	-	0.25
Youperience Limited	0.04	0.04	0.04
Persistent Systems Mexico, S.A. de C.V.	0.41	0.08	10.01
Youperience GmbH	0.04	0.04	0.04
Persistent Systems Pte. Ltd.	0.10	0.10	0.29
Persistent Systems Germany GmbH	0.52	0.04	1.48
PARX Werk AG	0.09	0.09	1.88
Persistent Systems Israel Ltd.	-	0.07	0.14
	2.31	4.72	90.99
Advances to related parties (Unsecured, credit impaired)			
Klisma e-Services Private Limited	-	0.81	-
Less: Impairment of current financial assets	-	(0.81)	-
	-	-	-
Unbilled revenue	3,602.52	2,441.34	3,533.05
Security deposits	0.10	0.10	0.10
Other receivables (Unsecured, considered good)	16.10	16.09	16.10
	3,621.03	2,685.90	3,724.83

16. Other current assets

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Advances to suppliers (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	320.70	167.41	277.27
Prepayments	734.21	547.08	498.68
Excess fund balance with Life Insurance Corporation of India	109.53	39.60	42.19
Other advances (Unsecured, considered good)			
VAT receivable (net)	26.29	35.01	19.67
Service tax and GST receivable (net) (refer note 32(a))	662.88	914.26	533.45
	689.17	949.27	553.12
	1,853.61	1,703.36	1,371.26



Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

17. Share Capital

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Authorized shares (No. in million)			
200 (Corresponding period/ Previous year:200) equity shares of ₹10 each	2,000.00	2,000.00	2,000.00
	2,000.00	2,000.00	2,000.00
Issued, subscribed and fully paid-up shares (No. in million)			
76.43 (Corresponding period/ Previous year: 76.43) equity shares of ₹10 each	764.25	764.25	764.25
Issued, subscribed and fully paid-up share capital	764.25	764.25	764.25

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

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

	As at June 30, 2022		As at June 30, 2021		As at March 31, 2022	
	No of Shares	Amount ₹	No of Shares	Amount ₹	No of Shares	Amount ₹
Number of shares at the beginning of the period/year	76.43	764.25	76.43	764.25	76.43	764.25
Less: Changes during the period/year	-	-	-	-	-	-
Number of shares at the end of the period/year	76.43	764.25	76.43	764.25	76.43	764.25

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

	For the period of five years ended June 30, 2022 No In Million	For the period of five years June 30, 2021 No In Million	For the period of five years ended March 31, 2022 No In Million
Equity shares bought back	3.575	3.575	3.575

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

Name of the shareholder*	As at June 30, 2022		As at June 30, 2021		As at March 31, 2022	
	No. in million	% Holding	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande and Mrs. Sonali Anand Deshpande	22.97	30.06	22.96	30.04	22.97	30.06
Schemes of HDFC Mutual Fund	2.97	3.89	5.15	6.74	3.45	4.51
Schemes of Kotak Equity Fund	3.89	5.09	3.31	4.34	3.69	4.82

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

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Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

18. Non-current financial liabilities : Borrowings

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Unsecured borrowings carried at amortised cost			
Term loans			
Indian rupee loan from others	5.55	7.39	5.55
Interest accrued but not due on term loans	0.12	0.17	0.08
	<u>5.67</u>	<u>7.56</u>	<u>5.63</u>
Less: Current maturity of long-term borrowings	(1.85)	(1.85)	(1.85)
Less: Current maturity of Interest accrued but not due on term loan	(0.12)	(0.17)	(0.08)
	<u>(1.97)</u>	<u>(2.02)</u>	<u>(1.93)</u>
	<u>3.70</u>	<u>5.54</u>	<u>3.70</u>

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

Loan amounting to ₹ 5.55 million (Corresponding period ₹ 7.39 million / Previous year ₹ 5.55 million) with interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from October 2015.

19. Lease liabilities

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Lease liabilities	1,194.29	657.67	758.26
Less: Current portion of lease liabilities	(230.17)	(107.25)	(146.51)
	<u>964.12</u>	<u>550.42</u>	<u>611.76</u>

Movement of lease liabilities

	For the quarter ended June 30, 2022 In ₹ Million	For the quarter ended June 30, 2021 In ₹ Million	For the year ended March 31, 2022 In ₹ Million
Opening balance	758.26	378.54	378.54
Additions	564.50	302.65	495.78
Deletions	-	-	(10.98)
Add: Interest recognised during the period / year	19.82	18.44	68.59
Less: Payments made	(148.29)	(41.96)	(173.67)
Closing balance	<u>1,194.29</u>	<u>657.67</u>	<u>758.26</u>

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Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

20. Non current liabilities : Provisions

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Provision for employee benefits			
- Long service awards	323.83	245.01	245.54
	<u>323.83</u>	<u>245.01</u>	<u>245.54</u>

21. Trade payables

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Trade payables for goods and services*			
-total outstanding dues of micro enterprises and small enterprises	# 18.16	10.68	10.30
-total outstanding dues of creditors other than micro enterprises and small enterprises	# 957.90	1,188.86	844.68
	<u>976.06</u>	<u>1,199.54</u>	<u>854.98</u>

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

22. Other current financial liabilities

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Capital creditors	203.83	26.63	204.49
Accrued employee liabilities	94.84	150.45	119.21
Unpaid dividend *	3.21	3.14	2.94
Other liabilities	8.41	8.46	8.41
Payable to selling shareholders	47.93	-	47.93
Derivative instrument at fair value through OCI			
Cash flow hedges			
Foreign exchange forward contracts	278.75	-	-
Advance from related parties (Unsecured, considered good)			
Persistent Systems Inc.	26.33	7.83	-
Persistent Systems Israel Ltd.	1.14	-	-
PARX Consulting GmbH	0.03	-	-
Aepona Limited	0.34	-	-
	<u>27.84</u>	<u>7.83</u>	<u>-</u>
	<u>664.81</u>	<u>196.51</u>	<u>382.98</u>

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

23. Other current liabilities

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Unearned revenue	235.22	306.50	258.31
Advance from customers	915.46	909.25	786.98
Other payables			
- Statutory liabilities	650.67	311.10	413.55
- Other liabilities*	147.47	233.18	50.20
	<u>1,948.82</u>	<u>1,760.03</u>	<u>1,509.04</u>

*Includes balance of ₹ 128.00 million (Corresponding period : ₹ 227.69 million, Previous year: ₹ 35.64 million) to be utilised against certain predefined activities specified in the agreement.

24. Current liabilities : Provisions

	As at June 30, 2022 In ₹ Million	As at June 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Provision for employee benefits			
- Leave encashment	436.88	335.18	499.37
- Long service awards	33.16	19.21	24.54
- Other employee benefits	1,008.43	463.47	1,745.82
	<u>1,478.47</u>	<u>817.86</u>	<u>2,269.73</u>



Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

25. Revenue from operations (net)

	For the quarter ended June 30, 2022	For the quarter ended June 30, 2021	For the year ended March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million
Software services	10,921.16	7,564.96	35,406.71
Software licenses	99.60	83.38	348.09
	11,020.76	7,648.34	35,754.80

26. Other income

	For the quarter ended June 30, 2022	For the quarter ended June 30, 2021	For the year ended March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million
Interest income			
On deposits carried at amortised cost	67.14	71.71	311.08
On Loan given to ESOP Trust	50.68	-	91.89
On others	49.40	45.98	190.61
Dividend income from investments*	-	-	53.16
Other non-operating income			
Foreign exchange gain (net)	31.72	82.21	208.93
Profit on sale of property, plant and equipment (net)	0.13	0.03	12.31
Net profit on sale/ fair valuation of financial assets designated as FVTPL	19.92	108.69	336.78
Excess provision in respect of earlier periods/ years written back	0.95	-	15.53
Miscellaneous income	17.83	36.06	102.28
	237.77	344.68	1,324.57

*includes dividend received from investment in wholly owned subsidiaries.

27. Personnel expenses

	For the quarter ended June 30, 2022	For the quarter ended June 30, 2021	For the year ended March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million
27.1 Employee benefits expense			
Salaries, wages and bonus	6,199.84	3,989.69	19,766.82
Contribution to provident and other funds	338.53	226.83	1,016.64
Staff welfare and benefits	150.88	94.95	359.74
Share based payments to employees	266.03	130.07	739.52
	6,955.28	4,441.54	21,882.72
27.2 Cost of professionals			
- Related parties	234.19	146.79	649.60
- Others	193.52	190.46	812.31
	427.71	337.25	1,461.91
	7,382.99	4,778.79	23,344.63

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Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

28. Other expenses*

	For the quarter ended		For the year ended
	June 30, 2022	June 30, 2021	March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	150.82	40.85	151.53
Electricity expenses (net)	19.83	11.48	63.74
Internet link expenses	28.41	13.57	46.09
Communication expenses	19.62	14.03	60.91
Recruitment expenses	92.56	55.43	348.05
Training and seminars	32.73	11.19	99.17
Purchase of software licenses and support expenses	375.37	278.71	1,066.00
Bad debts	-	-	12.12
Reversal of allowance for expected credit loss (net)	(4.29)	(6.37)	(29.97)
Rent	17.69	15.63	73.22
Insurance	8.98	10.86	36.29
Rates and taxes	9.16	7.41	51.14
Legal and professional fees	86.38	56.92	238.09
Repairs and maintenance			
- Plant and Machinery	28.02	22.94	120.72
- Buildings	8.18	4.60	19.85
- Others	5.20	5.40	20.43
Selling and marketing expenses	310.41	205.22	1,028.63
Advertisement, conference and sponsorship fees	1.21	0.99	4.23
Computer consumables	0.23	1.54	5.39
Auditors' remuneration	1.55	1.05	8.92
Corporate social responsibility expenditure	15.00	35.00	115.53
Books, memberships, subscriptions	2.11	1.60	15.76
Directors' sitting fees	2.68	2.28	7.43
Directors' commission	7.66	7.06	20.83
Loss on receivables and Investment In associate	-	-	28.29
Reversal of provision for receivables and Investment In associate	-	-	(28.29)
Miscellaneous expenses	40.90	27.96	123.68
	1,260.19	823.15	3,707.78

* Includes expenses incurred with related parties

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Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

29. Earnings per share

		For the quarter ended June 30, 2022	For the quarter ended June 30, 2021	For the year ended March 31, 2022
<u>Numerator for Basic and Diluted EPS</u>				
Net profit after tax (In ₹ Million)	(A)	1,748.79	1,660.95	6,858.66
<u>Denominator for Basic EPS</u>				
Weighted average number of equity shares	(B)	76,425,000	76,425,000	76,425,000
<u>Denominator for Diluted EPS</u>				
Number of equity shares	(C)	76,425,000	76,425,000	76,425,000
Basic earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	22.88	21.73	89.74
Diluted earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	22.88	21.73	89.74

		For the quarter ended June 30, 2022	For the quarter ended June 30, 2021	For the year ended March 31, 2022
Number of shares considered as basic weighted average shares outstanding		76,425,000	76,425,000	76,425,000
Add: Effect of dilutive issues of stock options		-	-	-
Number of shares considered as weighted average shares and potential shares outstanding		76,425,000	76,425,000	76,425,000

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30. Financial assets and liabilities

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

Financial assets/ Financial liabilities	June 30, 2022				June 30, 2021				Fair value hierarchy*
	FVTPL	FVTOCI	Amortised Cost	Cost	FVTPL	FVTOCI	Amortised Cost	Cost	
Financial Assets:									
Investments in subsidiaries and associates	6.00	-	-	7,666.03	6.00	-	-	4,341.45	Level 3
Investments in equity instruments	-	-	-	-	-	-	-	-	Level 1
Investments in bonds	2,656.92	-	2,895.11	-	9,971.54	-	2,817.25	-	
Investments in mutual funds	-	-	3,893.98	-	-	-	-	-	
Loans	-	-	4,910.90	-	-	-	5,020.84	-	
Deposit with banks and financial institutions (including interest accrued but not due on deposits with banks)	-	-	845.49	-	-	-	718.97	-	
Cash and cash equivalents (including unpaid dividend)	-	-	6,024.21	-	-	-	3,451.46	-	
Trade receivables (net)	-	-	-	-	-	-	-	-	
Forward contracts receivable	-	-	3,602.52	-	-	123.65	-	-	
Unbilled revenue	-	-	235.58	-	-	-	-	-	
Other non current financial assets	-	-	2.41	-	-	-	-	-	
Other current financial assets	-	-	-	-	-	-	-	-	
Total Financial Assets	2,662.92	-	22,410.20	7,666.03	9,977.54	123.65	14,577.30	4,341.45	
Financial Liabilities:									
Borrowings (including accrued interest)	-	-	5.67	-	-	-	7.56	-	
Trade payables	-	-	976.06	-	-	-	1,199.54	-	
Lease liabilities	-	-	1,194.29	-	-	-	657.67	-	
Forward contracts payable	-	278.75	-	-	-	-	-	-	
Other financial liabilities (excluding borrowings)	-	-	386.05	-	-	-	-	-	
Total Financial Liabilities	-	278.75	2,562.08	-	-	-	2,061.28	-	

Financial assets/ Financial liabilities	March 31, 2022				Fair value hierarchy*	
	FVTPL	FVTOCI	Amortised Cost	Cost		
Financial Assets:						
Investments in subsidiaries and associates	6.00	-	-	5,013.10	-	Level 3
Investments in equity instruments	-	-	-	-	-	-
Investments in bonds	-	-	2,879.29	-	-	-
Investments in mutual funds	5,183.33	-	-	-	-	Level 1
Loans	-	-	3,943.68	-	-	-
Deposit with banks and financial institutions (including interest accrued but not due on deposits with banks)	-	-	6,138.85	-	-	-
Cash and cash equivalents (including unpaid dividend)	-	-	-	566.61	-	-
Trade receivables (net)	-	-	-	4,426.84	-	-
Forward contracts receivable	-	84.59	-	-	-	-
Share application money pending allotment	-	-	-	-	-	-
Unbilled revenue	-	-	3,533.05	-	-	-
Other non current financial assets	-	-	122.91	-	-	-
Other current financial assets	-	-	91.09	-	-	-
Total Financial Assets	5,189.33	84.59	21,702.32	5,013.10	-	-
Financial Liabilities:						
Borrowings (including accrued interest)	-	-	5.63	-	-	-
Trade payables	-	-	854.98	-	-	-
Lease liabilities	-	-	756.26	-	-	-
Other financial liabilities (excluding borrowings)	-	-	356.88	-	-	-
Total Financial Liabilities	-	-	1,983.75	-	-	-

*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, 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 Limited

Notes forming part of Condensed Interim Financial Statements

31. Related Party Transactions

Refer to the Company's annual financial statements for the ended March 31, 2022 for the full names and other details of the Company's related parties.

The Company's significant related party transactions during the period ended and outstanding balances as at June 30, 2022, June 30, 2021 and March 31, 2022 are with its related parties with whom the Company generally enters into transactions which are at arms length and in the ordinary course of business.

During the period, the Company has subscribed to the shares of Persistent Systems, Inc. amounting to ₹ 1,681.48 million. (Corresponding period: Nil / previous year: ₹ 570.25 million).

The Company acquired 100% share capital of Media Agility India Private Limited, a company based in India, with effect from April 29, 2022. (Refer note 6)

32. Contingent liabilities

Sr. No	Particulars	As at		
		June 30, 2022	June 30, 2021	March 31, 2022
a)	Claims against the company not acknowledged as debt*			
1	Indirect tax matters			
	(i) In respect to the order passed by the Learned Principal Commissioner of Service Tax, Pune, for Service tax under import of services on reverse charge basis for the Financial Year 2014-15, the Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017. The Company has paid ₹ 165.58 million under protest towards the demand and the same forms part of the GST receivable balance. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Company will be eligible to claim credit/refund for the amount paid.	173.78	173.78	173.78
	(ii) In respect of export incentives pertaining to previous periods amounting to ₹ 255.52 million, which have been refunded under protest with interest of ₹ 41.03 million, the Company has filed an application with Directorate General of Foreign Trade (DGFT). Based on the documents filed with relevant authorities and based on the consultations with subject matter specialists, the Company believes that its position is most likely be upheld on ultimate resolution.	296.55	296.55	296.55
	(iii) Other Pending litigations in respect of Indirect taxes.	13.49	35.13	13.53
2	Income tax demands disputed in appellate proceedings.	1,019.34	463.61	855.02
b)	Guarantees and Letter of Comfort on behalf of Subsidiaries			
1	Guarantees given on behalf of subsidiaries	803.12	1,127.59	770.78
2	Letters of comfort on behalf of subsidiary (USD 81 Million (Corresponding period: Nil, Previous year : USD 60 Million))	6,396.57	-	4,547.40

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

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Persistent Systems Limited**Notes forming part of Condensed Interim Financial Statements**

- 33 During the year ended March 31, 2022, the Company had acquired businesses from Shree Infosoft Private Limited and Data Glove IT Solutions Private Limited. The acquisition of the said businesses was accounted for using the acquisition method of accounting under Ind AS 103. The Company is in the process of performing the complete exercise of purchase price allocation of assets and liabilities assumed as at the reporting date. The Company has exercised the option available under Ind AS 103, which provides the Company a period of twelve months from the acquisition date for completing the accounting of purchase price allocation on provisional basis.
- 34 The Company has deposits of ₹ 430 million with the financial institutions viz. Infrastructure Leasing & Financial Services Ltd. (IL&FS) and IL&FS Financial Services Ltd. (referred to as "IL&FS Group") as on the balance sheet date. These were due for maturity from January 2019 to June 2019. In view of the uncertainty prevailing with respect to recovery of outstanding balances from IL&FS Group, Management of the Company has fully provided for these deposits along with interest accrued thereon till the date the deposits had become doubtful of recovery. The Management is hopeful of recovery though with a time lag. The Company continues to monitor developments in the matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposits.
- 35 The Company has recognized notional interest on lease liability of ₹ 19.82 million (Corresponding period: ₹ 18.44 million/ Previous year: ₹ 68.59 million) under finance cost as required by Ind AS 116: Leases.
- 36 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.
- 37 Pursuant to a whistle blower complaint, on verification, the Company's management found that an employee had colluded with certain prospective candidates to submit fake experience certificates to get them hired with the Company. Based on findings of an enquiry conducted by the management, this employee and those candidates hired have been terminated and no other similar issues have been identified in the talent acquisition process of the Company. There is no material impact of the above on the financial statements. The Company has zero tolerance to such misconduct and ensures strict adherence to ethical standards.
- 38 The condensed interim financial statements are presented in ₹ Million and decimal thereof except for per share information or as otherwise stated.
- 39 Previous period's / year's figures have been regrouped where necessary to conform with the current year's classification.

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No.: 001076/N/500013

Shashi Tadwalkar
Shashi Tadwalkar

Partner
Membership No.: 101797



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

Anand Deshpande

Sandeep Kalra
Sandeep Kalra (Jul 21, 2022 22:53 GMT+5:30)

Dr. Anand Deshpande
Chairman and Managing
Director
DIN: 00005721

Place: Pune
Date : July 21, 2022

Sandeep Kalra
Executive Director and
Chief Executive Officer
DIN: 02506494

Place: Pune
Date : July 21, 2022

Praveen
Purushottam
am Kadle
Digitally signed by
Praveen
Purushottam Kadle
Date: 2022.07.21
22:20:51 +05:30

Praveen Kadle
Independent Director
DIN: 00016814

Place: Pune
Date : July 21, 2022

Sunil Sapre

Sunil Sapre (Jul 21, 2022 22:53 GMT+5:30)

Sunil Sapre
Executive Director and
Chief Financial Officer
DIN: 06475949

Place: Pune
Date : July 21, 2022

Amit Atre

Amit Atre (Jul 21, 2022 22:50 GMT+5:30)

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date : July 21, 2022

Place: Pune
Date : July 21, 2022

