

NSE & BSE / 2020-21 / 72
October 24, 2020

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

Ref: Symbol: PERSISTENT

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

Ref: Scrip Code: 533179

Dear Sir/Madam,

Sub: Outcome of the Board Meeting held on October 21, 2020, October 22, 2020 and October 23, 2020 and concluded on October 24, 2020

Further to our intimation dated October 6, 2020, we wish to inform that, the Board of Directors, at its meeting held through Tele-conferencing on October 21, 2020, October 22, 2020 and October 23, 2020 and concluded on October 24, 2020 at 0030 Hrs (IST), has *inter-alia* taken the following decisions:

A. Approval of the Audited Financial Results for the quarter and half year ended September 30, 2020

Pursuant to Regulation 33 and all other applicable regulations, if any of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audited Financial Results for the quarter and half year ended September 30, 2020 have been approved. Accordingly, we enclose the following documents:

1. Auditors' Report dated October 23, 2020 on the Consolidated Financial Results of the Company for the quarter and half year ended September 30, 2020;
2. Consolidated Financial Results of the Company for the quarter and half year ended September 30, 2020;
3. Auditors' Report dated October 23, 2020 on the Unconsolidated Financial Results of the Company for the quarter and half year ended September 30, 2020;
4. Unconsolidated Financial Results of the Company for the quarter and half year ended September 30, 2020.

B. The Board of Directors has approved the appointment of M/s. PVS and Associates, Practicing Company Secretaries as the Auditor for conducting the Secretarial Audit of the Company for the Financial Year 2020-21.

C. Appointment of Mr. Sandeep Kalra, Executive Director and President as the Chief Executive Officer ('CEO') of the Company with effect from October 23, 2020. Accordingly, his designation has been changed to 'Executive Director and Chief Executive Officer'.

Please acknowledge the receipt.

Thanking you,

Yours Sincerely,
For **Persistent Systems Limited**

Amit Atre
Company Secretary
ICSI Membership No.: A20507

Encl: As above

Walker Chandiok & Co LLP

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Independent Auditor's Report on Consolidated Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Persistent Systems Limited

Opinion

1. We have audited the accompanying consolidated financial results ('the Statement') of Persistent Systems Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associate for the quarter ended 30 September 2020 and the consolidated year-to-date results for the period 01 April 2020 to 30 September 2020, attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time ('SEBI Circular').
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 other auditors on separate audited financial statements of the subsidiaries, the Statement:
 - (i) includes the quarterly financial results of the entities listed in Annexure 1;
 - (ii) presents financial results in accordance with the requirements of Regulation 33 of the Listing Regulations; and
 - (iii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standard 34, 'Interim Financial Reporting' ('Ind AS 34') prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the consolidated net profit after tax (including other comprehensive income) and other financial information of the Group and its associate for the quarter ended 30 September 2020 as well as the consolidated year-to-date results for the period 01 April 2020 to 30 September 2020.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') 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 Statement* section of our report. We are independent of the Group and its associate, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the 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 obtained by us and that obtained by the other auditors in terms of their reports referred to in paragraph 12 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.



Persistent Systems Limited

Independent Auditor's Report on Consolidated Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

Responsibilities of Management and Those Charged with Governance for the Statement

4. The Statement, which is the responsibility of the Holding Company's management and has been approved by the Holding Company's Board of Directors, has been prepared on the basis of the condensed interim consolidated financial statements. The Holding Company's Board of Directors is responsible for the preparation of the Statement that gives a true and fair view of the consolidated net profit after tax (including other comprehensive income), and other financial information of the Group including its associate in accordance with the recognition and measurement principles laid down in Ind AS 34 prescribed under section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations, including SEBI Circular. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of the Statement. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group and its associate, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Group and its associate 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 results, that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial results have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.
5. In preparing the Statement, the respective Board of Directors of the companies included in the Group and its associate are responsible for assessing the ability of the Group and of its associate, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the respective Board of Directors either intends to liquidate the Group and its associate or to cease operations, or has no realistic alternative but to do so.
6. The respective Board of Directors of the companies included in the Group and its associate, are responsible for overseeing the financial reporting process of the companies included in the Group and of its associate.

Auditor's Responsibilities for the Audit of the Statement

7. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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, specified under section 143(10) of the Act, 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 this Statement.
8. As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Group and its associate have in place an adequate internal financial controls systems over financial reporting and the operating effectiveness of such controls.



Persistent Systems Limited

Independent Auditor's Report on Consolidated Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial results/ financial information/ financial statements of the entities within the Group and its associate, to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement, of which we are the independent auditors. For the other entities included in the Statement, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
9. We communicate with those charged with governance of the Holding Company and such other entities included in the Statement, of which we are the independent auditors, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
11. We also performed procedures in accordance with SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019, issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

Other Matters

12. We did not audit the condensed interim financial statements of fifteen subsidiaries included in the Statement, whose financial information (before eliminating inter company balances/transactions) reflects total assets of ₹ 4,649.42 million as at 30 September 2020, total revenues of ₹ 1,146.21 million and ₹ 2,609.82 million, total net profit after tax of ₹ 67.80 million and ₹ 164.01 million, total comprehensive income of ₹ 114.87 million and ₹ 213.92 million for the quarter and six month period ended 30 September 2020, respectively, and cash outflows (net) of ₹ 11.00 million for the six month period ended on that date, as considered in the Statement. These annual financial statements have been audited by other auditors whose audit reports have been furnished to us by the management, and our opinion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the audit reports of such other auditors, and the procedures performed by us as stated in paragraph 3 above.

Our opinion is not modified in respect of the above matter.



Persistent Systems Limited

Independent Auditor's Report on Consolidated Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

13. The Statement also includes the Group's share of net profit after tax of ₹ Nil and ₹ Nil and total comprehensive income of ₹ Nil and ₹ Nil for the quarter and six month period ended 30 September 2020, respectively, as considered in the Statement, in respect of one associate, whose condensed financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion in so far as it relates to the amounts and disclosures included in respect of the aforesaid associate is based solely on such unaudited financial statements. In our opinion and according to the information and explanation given to us by the management, these financial statements are not material to the Group and its associate.

Our opinion is not modified in respect of the above matter

14. The consolidated quarterly financial results of the Company for the quarter ended 30 June 2019 included in the Statement was audited by the predecessor auditor, Deloitte Haskins & Sells LLP, who have expressed an unmodified opinion vide their audit report dated 25 July 2019, whose audit report has been furnished to us by the management, and which has been relied upon by us for the purpose of our audit of the Statement. Our opinion is not modified in respect of this matter.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No:001076N/N500013



Bharat Shetty

Partner

Membership No:106815

UDIN:20106815AAAAEX4670

Place: Mumbai

Date: 23 October 2020

Persistent Systems Limited

Independent Auditor's Report on Consolidated Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

Annexure 1

List of entities included in the Statement

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



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Persistent Systems Limited

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Ph. No. +91(20)67030000; Fax +91(20)67030009; Email: info@persistent.com, www.persistent.com'. CIN L72300PN1990PLC056696

Audited consolidated financial results of Persistent Systems Limited for the quarter and half year ended September 30, 2020

| Sr. No. | Particulars | | Quarter ended | | | Half Year ended | | Year ended |
|---------|--|--------|------------------------------|-------------------------|------------------------------|------------------------------|------------------------------|--------------------------|
| | | | September 30, 2020 (Audited) | June 30, 2020 (Audited) | September 30, 2019 (Audited) | September 30, 2020 (Audited) | September 30, 2019 (Audited) | March 31, 2020 (Audited) |
| | Income | | | | | | | |
| 1 | Revenue from operations (net) | | 10,077.47 | 9,913.85 | 8,846.00 | 19,991.32 | 17,167.14 | 35,658.08 |
| 2 | Other income | | 164.97 | 212.27 | 382.46 | 377.24 | 682.82 | 1,323.77 |
| 3 | Total income | (1+2) | 10,242.44 | 10,126.12 | 9,228.46 | 20,368.56 | 17,849.96 | 36,981.85 |
| 4 | Expenses | | | | | | | |
| | - Employee benefits expense | | 6,096.84 | 5,785.07 | 5,369.71 | 11,881.91 | 10,285.96 | 21,556.40 |
| | - Cost of professionals | | 1,351.40 | 1,350.47 | 897.18 | 2,701.87 | 1,757.00 | 3,918.94 |
| | - Finance costs | | 14.20 | 14.16 | 18.38 | 28.36 | 36.88 | 63.32 |
| | - Depreciation and amortization expense | | 439.79 | 435.61 | 425.06 | 875.40 | 811.38 | 1,659.62 |
| | - Other expenses | | 965.10 | 1,320.37 | 1,362.50 | 2,285.47 | 2,705.50 | 5,260.15 |
| | Total Expenses | | 8,867.33 | 8,905.68 | 8,072.83 | 17,773.01 | 15,596.72 | 32,458.43 |
| 5 | Profit before exceptional items and tax | (3-4) | 1,375.11 | 1,220.44 | 1,155.63 | 2,595.55 | 2,253.24 | 4,523.42 |
| 6 | Exceptional items | | - | - | - | - | - | - |
| 7 | Profit before tax | (5-6) | 1,375.11 | 1,220.44 | 1,155.63 | 2,595.55 | 2,253.24 | 4,523.42 |
| 8 | Tax expense | | | | | | | |
| | - Current tax | | 436.17 | 430.76 | 289.72 | 866.93 | 640.27 | 1,354.70 |
| | - Tax charge/ (credit) in respect of earlier years | | (087) | 8.30 | (137) | 7.43 | (137) | 52.55 |
| | - Deferred tax charge/ (credit) | | 180.05 | (118.70) | 6.56 | 1198.75 | 171.08 | 1286.72 |
| | Total tax expense | | 355.25 | 320.36 | 294.91 | 675.61 | 567.82 | 1,120.53 |
| 9 | Profit for the period/year | (7-8) | 1,019.86 | 900.08 | 860.72 | 1,919.94 | 1,685.42 | 3,402.89 |
| 10 | Other comprehensive income | | | | | | | |
| | A. Items that will not be reclassified to profit and loss | | | | | | | |
| | - Remeasurement of the defined benefit liabilities / assets (net of tax) | | 871 | 924 | (1003) | 1795 | (3640) | (3480) |
| | | | 871 | 924 | (1003) | 1795 | 13640 | 13480 |
| | B. Items that may be reclassified to profit and loss | | | | | | | |
| | - Effective portion of cash flow hedge (net of tax) | | 191.01 | 149.98 | (124.71) | 340.99 | (147.90) | (429.15) |
| | - Exchange differences in translating the financial statements of foreign operations | | (532.06) | 77.05 | 83.04 | (455.01) | 82.41 | 323.15 |
| | | | 134105 | 22703 | (4167) | 11402 | 16549 | 110600 |
| | Total other comprehensive income for the period/year | (A+B) | (33234) | 23627 | (5170) | (9607) | (10189) | (14080) |
| 11 | Total comprehensive income for the period/ year (Comprising Profit/ (Loss) and Other Comprehensive Income for the period/ year) | (9+10) | 687.52 | 1,136.35 | 809.02 | 1,823.87 | 1,583.53 | 3,262.09 |
| 12 | Paid-up equity share capital (Face value of share { 10 each) | | 764.25 | 764.25 | 764.25 | 764.25 | 764.25 | 764.25 |
| 13 | Other equity excluding revaluation reserves | | | | | | | 23,093.30 |
| 14 | Earnings per equity share in t (Face value of share t 10 each) | | | | | | | |
| | - Basic | | 13.34 | 11.78 | 11.26 | 25.12 | 21.90 | 44.38 |
| | - Diluted | | 13.34 | 11.78 | 11.26 | 25.12 | 21.90 | 44.38 |
| 15 | Dividend per share (in t) (Nominal value per share t10) | | | | | | | |
| | Interim dividend | | - | - | - | - | - | 12.00 |
| | Final dividend | | - | - | - | - | - | - |
| | Total dividend | | - | - | - | - | - | 12.00 |



Audited consolidated statement of assets and liabilities

in Million

| Particulars | Asal September 30, 2020 (Audited) | Asat September 30, 2019 (Audited) | Asat March 31, 2020 (Audited) |
|---|---|---|-------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipment | 2,194.48 | 2,338.71 | 2,224.60 |
| Capital work-in-progress | 24.84 | 6.34 | 166.18 |
| Right-of-use assets | 642.25 | 662.30 | 566.81 |
| Goodwill | 86.70 | 90.06 | 88.94 |
| Other Intangible assets | 1,365.41 | 1,819.07 | 1,434.93 |
| Intangible assets under development | - | 142.50 | 137.20 |
| Financial assets | | | |
| - Investments | 3,882.21 | 3,658.58 | 4,620.97 |
| - Loans | 150.72 | 168.24 | 200.41 |
| - Other non-current financial assets | 143.66 | 355.45 | 358.93 |
| Deferred tax assets (net) | 1,031.30 | 613.16 | 960.08 |
| Other non-current assets (refer note 6) | 324.72 | 370.26 | 331.31 |
| Total non-current assets | 9,846.29 | 10,224.67 | 11,090.36 |
| Current assets | | | |
| Financial assets | | | |
| - Investments | 4,933.32 | 1,522.23 | 5,164.77 |
| - Trade receivables (net) | 5,776.88 | 5,049.74 | 5,921.96 |
| - Cash and cash equivalents | 1,297.50 | 1,350.67 | 1,899.99 |
| - Other bank balances | 6,675.93 | 5,734.38 | 2,672.19 |
| - Loans | 63.56 | 12.30 | 13.71 |
| - Other current financial assets | 2,151.83 | 2,357.40 | 2,068.54 |
| Current tax assets (net) | 165.77 | 134.70 | 163.93 |
| Other current assets | 1,709.39 | 1,747.72 | 1,926.24 |
| Total current assets | 22,774.18 | 17,909.14 | 19,831.33 |
| TOTAL ASSETS | 32,620.47 | 28,133.81 | 30,921.69 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 764.25 | 764.25 | 764.25 |
| Other equity | 24,927.49 | 22,293.43 | 23,093.30 |
| Total Equity | 25,691.74 | 23,057.68 | 23,857.55 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| - Lease liabilities | 438.24 | 477.54 | 353.36 |
| - Borrowings | 45.52 | 10.61 | 46.22 |
| Provisions | 254.12 | 186.98 | 182.79 |
| Total Non-current liabilities | 737.88 | 675.13 | 582.37 |
| Current liabilities | | | |
| Financial liabilities | | | |
| - Lease liabilities | 295.84 | 305.76 | 309.06 |
| - Trade payables | 2,517.90 | 1,403.84 | 2,247.09 |
| - Other financial liabilities | 154.78 | 449.07 | 862.34 |
| Other current liabilities | 1,103.10 | 1,006.65 | 1,320.13 |
| Provisions | 1,793.34 | 1,235.68 | 1,610.99 |
| Current tax liabilities (net) | 325.89 | - | 132.16 |
| Total current liabilities | 6,190.85 | 4,401.00 | 6,481.77 |
| TOTAL EQUITY AND LIABILITIES | 32,620.47 | 28,133.81 | 30,921.69 |



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

| | For the half year ended | | For the year ended |
|---|-------------------------|--------------------|--------------------|
| | September 30, 2020 | September 30, 2019 | March 31, 2020 |
| | IntMillion | IntMillion | IntMillion |
| Cash flow from operating activities | | | |
| Profit before tax | 2,595.55 | 2,253.24 | 4,523.42 |
| Adjustments for: | | | |
| Interest income | (256.86) | (279.52) | (545.28) |
| Finance costs | 28.36 | 36.88 | 63.32 |
| Dividend income | - | (13.95) | (13.98) |
| Depreciation and amortization expense | 875.40 | 811.38 | 1,659.62 |
| Unrealised exchange loss / (gain) (net) | 116.66 | (12.80) | (131.29) |
| Change in foreign currency translation reserve | (487.82) | 99.34 | 119.30 |
| Exchange (gain) / loss on derivative contracts | (66.75) | (61.47) | 58.51 |
| Exchange loss / (gain) on translation of foreign currency cash and cash equivalents | 18.51 | (8.37) | (46.77) |
| Provision for doubtful receivables (net) | 105.62 | 29.73 | 83.86 |
| Employee stock compensation expenses | 107.24 | 93.36 | 236.79 |
| Provision for doubtful deposits and advances | - | 150.00 | 248.48 |
| Provision for diminution in value of investments | 18.74 | - | - |
| Remeasurements of the defined benefit liabilities/ asset (before tax effects) | 27.39 | (49.10) | (46.14) |
| Excess provision in respect of earlier periods / years written back | (6.57) | (4.60) | (6.95) |
| Loss / (Gain) on fair valuation of assets designated at FVTPL | 174.19 | 20.47 | (119.02) |
| Profit on sale of investments (net) | (377.56) | (144.17) | (164.81) |
| (Profit)/ Loss on sale of Property, plant and equipment (net) | (3.65) | (0.50) | 5.96 |
| Operating profit before working capital changes | 2,868.45 | 2,919.92 | 5,925.02 |
| Movements in working capital : | | | |
| Increase in non-current and current loans | (0.16) | (5.14) | (14.44) |
| Increase in other non current assets | (5.83) | (338.58) | (235.30) |
| Decrease/ (Increase) in other current financial assets | 51.25 | (413.07) | (232.15) |
| Decrease / (Increase) in other current assets | 216.85 | (356.30) | (559.10) |
| Decrease/ (Increase) in trade receivables | (45.56) | (67.05) | (894.77) |
| (Decrease) / Increase in trade payables, current liabilities and non current liabilities | (263.11) | (260.22) | 939.04 |
| Increase/ (Decrease) in provisions | 253.68 | (516.49) | (145.32) |
| Operating profit after working capital changes | 3,075.57 | 963.07 | 4,782.93 |
| Direct taxes paid (net of refunds) | (691.91) | (661.49) | (1,282.22) |
| Net cash generated from operating activities | (A) 2,383.66 | 301.58 | 3,454.66 |
| Cash flows from investing activities | | | |
| Payment towards capital expenditure (including intangible assets) | (451.63) | (429.11) | (758.39) |
| Proceeds from sale of property, plant and equipment | 7.96 | 9.79 | 12.68 |
| Acquisition of step-down subsidiary including cash and cash equivalents of ₹ 37.35 million in Previous year | - | (435.48) | (435.48) |
| Purchase of bonds | (520.48) | (171.48) | (901.61) |
| Proceeds from sale/ maturity of bonds | 172.84 | 330.38 | 819.87 |
| Sale proceeds of non-current investments | - | 25.22 | 25.22 |
| Investments in mutual funds | (11,815.87) | (7,780.50) | (19,456.95) |
| Proceeds from sale / maturity of mutual funds | 13,358.42 | 10,212.14 | 17,670.49 |
| (Investments) / maturity of bank deposits having original maturity over three months | (3,738.15) | (992.95) | 2,108.15 |
| Maturity of deposits with financial institutions | - | 250.00 | 250.00 |
| Interest received | 160.38 | 326.08 | 503.60 |
| Dividends received | - | 13.95 | 13.98 |
| Net cash (used in) generated from investing activities | (B) (2,826.53) | 1,358.04 | (148.44) |
| Cash flows from financing activities | | | |
| Repayment of term borrowings | (3.18) | (3.21) | (4.62) |
| Payment of lease liabilities | (145.25) | (139.30) | (287.70) |
| Shares bought back | - | (1,677.01) | (1,677.01) |
| Loan received as a part of COVID-19 relief measures | - | - | 39.14 |
| Specific project related grant received | 9.00 | 3.00 | 3.00 |
| Interest paid | (0.35) | (0.33) | (2.09) |
| Dividends paid | (1.33) | (229.28) | (1,146.38) |
| Tax on dividend paid | - | (47.99) | (154.14) |
| Net cash used in financing activities | (C) (141.11) | (2,094.12) | (3,229.80) |



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

| | For the half year ended | | For the year ended |
|--|-------------------------|--------------------|--------------------|
| | September 30, 2020 | September 30, 2019 | March 31, 2020 |
| | In t Million | In t Million | In t Million |
| Net (decrease) / increase in cash and cash equivalents (A+ B + q) | (583.98) | (434.50) | 76.42 |
| Cash and cash equivalents at the beginning of the period / year | 1,899.99 | 1,739.45 | 1,739.45 |
| Cash and cash equivalents acquired on acquisition | - | 37.35 | 37.35 |
| Effect of exchange difference on translation of foreign currency cash and cash equivalents | (18.51) | 8.37 | 46.77 |
| Cash and cash equivalents at the end of the period/year | <u>1,297.50</u> | <u>1,350.67</u> | <u>1,899.99</u> |
| Components of cash and cash equivalents | | | |
| Cash on hand | 0.21 | 0.28 | 0.24 |
| Balances with banks | | | |
| On current accounts* | 1,105.90 | 1,162.76 | 1,566.06 |
| On saving accounts | 0.48 | 0.60 | 0.36 |
| On Exchange Earner's Foreign Currency accounts | 169.91 | 187.03 | 261.86 |
| On deposit accounts with original maturity less than three months | 21.00 | - | 71.47 |
| Cash and cash equivalents | <u>1,297.50</u> | <u>1,350.67</u> | <u>1,899.99</u> |

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



Audited unconsolidated financial information

| Particulars | Quarter ended | | | HaH Year ended | | in Million Year ended |
|-------------------------------|------------------------------|-------------------------|------------------------------|------------------------------|------------------------------|--------------------------|
| | September 30, 2020 (Audited) | June 30, 2020 (Audited) | September 30, 2019 (Audited) | September 30, 2020 (Audited) | September 30, 2019 (Audited) | March 31, 2020 (Audited) |
| Revenue from operations (net) | 5,961.78 | 5,561.38 | 5,017.09 | 11,523.16 | 9,971.04 | 21,081.22 |
| Profit before tax | 1,594.29 | 1,575.48 | 1,343.36 | 3,169.77 | 2,458.09 | 5,329.06 |
| Profit after tax | 1,176.35 | 1,214.76 | 1,068.46 | 2,391.11 | 1,902.85 | 4,077.23 |

Segment wise Revenue, Results and Capital Employed

Considering the focus on industry verticals, the Group has decided to reorganize its operating segments from April 1, 2020. The figures for the corresponding periods / year have been appropriately reclassified in line with the current period's classification.

- a. Banking, Financial Services and Insurance (BFSI)
b. Healthcare & Life Sciences
c. Technology Companies and Emerging Verticals

| Sr. No. | Particulars | Quarter ended | | | HaH Year ended | | in{Million Year ended |
|---------|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|--------------------------|
| | | September 30, 2020 (Audited) | June 30, 2020 (Audited) | September 30, 2019 (Audited) | September 30, 2020 (Audited) | September 30, 2019 (Audited) | March 31, 2020 (Audited) |
| 1 | Segment revenue | | | | | | |
| | -BFSI | 3,217.36 | 3,153.11 | 2,504.74 | 6,370.47 | 4,805.77 | 10,506.77 |
| | - Healthcare & Life Sciences | 1,941.90 | 1,957.47 | 1,625.45 | 3,899.37 | 3,201.32 | 6,719.15 |
| | - Technology Companies and Emerging Verticals | 4,918.21 | 4,803.27 | 4,715.81 | 9,721.48 | 9,160.05 | 18,432.16 |
| | Total | 10,077.47 | 9,913.85 | 8,846.00 | 19,991.32 | 17,167.14 | 35,658.08 |
| 2 | Less: Inter segment revenue | - | - | - | - | - | - |
| 3 | Net sales/income from operations | 10,077.47 | 9,913.85 | 8,846.00 | 19,991.32 | 17,167.14 | 35,658.08 |
| 4 | Segment results i.e. profit/ (loss) before tax, interest and depreciation and amortization | | | | | | |
| | -BFSI | 1,157.13 | 1,049.05 | 910.62 | 2,206.18 | 1,635.21 | 3,598.15 |
| | - Healthcare & Life Sciences | 927.41 | 899.43 | 691.44 | 1,826.84 | 1,328.53 | 2,900.18 |
| | - Technology Companies and Emerging Verticals | 1,754.81 | 1,587.94 | 1,718.78 | 3,342.75 | 3,281.72 | 6,418.19 |
| | Total | 3,839.35 | 3,536.42 | 3,320.84 | 7,375.77 | 6,245.46 | 12,916.52 |
| 5 | Less: | | | | | | |
| | - Finance costs | 14.20 | 14.16 | 18.38 | 28.36 | 36.88 | 63.32 |
| | - Other un-allocable expenses | 2,615.01 | 2,514.09 | 2,529.29 | 5,129.10 | 4,638.16 | 9,653.55 |
| 6 | Un-allocable income | 164.97 | 212.27 | 382.46 | 377.24 | 682.82 | 1,323.77 |
| 7 | Profit before tax | 1,375.11 | 1,220.44 | 1,155.63 | 2,595.55 | 2,253.24 | 4,523.42 |
| 8 | Segment assets | | | | | | |
| | | | | | As on | | |
| | | September 30, 2020 (Audited) | September 30, 2019 (Audited) | | September 30, 2020 (Audited) | September 30, 2019 (Audited) | March 31, 2020 (Audited) |
| | -BFSI | 2,327.70 | 1,893.49 | | 2,327.70 | 1,893.49 | 2,227.74 |
| | - Healthcare & Life Sciences | 1,627.90 | 1,375.64 | | 1,627.90 | 1,375.64 | 1,614.60 |
| | - Technology Companies and Emerging Verticals | 3,838.57 | 4,030.07 | | 3,838.57 | 4,030.07 | 4,148.16 |
| | Total allocable segment assets | 7,794.17 | 7,299.20 | | 7,794.17 | 7,299.20 | 7,990.50 |
| | Unallocable assets | 24,826.30 | 20,834.61 | | 24,826.30 | 20,834.61 | 22,931.19 |
| | Total assets | 32,620.47 | 28,133.81 | | 32,620.47 | 28,133.81 | 30,921.69 |

Note for segment wise information:

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

Segment wise capital employed

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 and liabilities are used interchangeably between segments and the Group is of the view that it is not practical to reasonably allocate the other assets, liabilities and other non-cash expenses to individual segments and an ad-hoc allocation will not be meaningful.



Notes:

- 1 The audited condensed interim consolidated financial statements for the quarter and half year ended September 30, 2020, have been taken on record by the Board of Directors at its meeting concluded on October 23, 2020 as recommended by the Audit Committee at its meeting held on October 22, 2020. The statutory auditors have expressed an unqualified audit opinion. The information presented above is extracted from the audited condensed interim consolidated financial statements.
- 2 Mr. Christopher (Chris) O'Connor resigned from position of the Executive Director and Chief Executive Officer of the Group w.e.f. August 9, 2020.
- 3 Persistent Systems Limited, India and its 100% subsidiary Persistent Systems Inc., USA have entered into the Stock Purchase Agreement with Capiot Software Inc., USA on October 15, 2020 to acquire Capiot Software Inc., USA along with its subsidiaries in India, Singapore and Australia. The acquisition is subject to customary closing conditions which are expected to be completed by mid-November 2020.
- 4 The Group has considered the possible effects that may result from COVID-19 in the preparation of these condensed interim consolidated financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of COVID-19, the Group has, at the date of approval of these condensed interim consolidated financial statements, used internal and external sources of information including internal credit evaluation report and related information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's condensed interim consolidated financial statements may differ from that estimated as at the date of approval of these condensed interim consolidated financial statements.
- 5 The code on Social security, 2020 (applicable to Companies incorporated in India) relating to employee benefits has been approved by the Parliament and has also been published in Official Gazette of India. However, the date on which it comes into effect has not been notified and the rules are yet to be framed. Group will complete its evaluation and will give appropriate impact in its financial results in the period in which, the Code becomes effective and the related rules are published.
- 6 Post quarter ended 30 September 2020, the Parent Company has received a show cause notice on 9th October, 2020 from the Directorate of Revenue Intelligence (DRI) in relation to export incentives aggregating Rs. 255.52 Million claimed by the Company in earlier years, in which the authorities have raised certain additional matters with applicable penalties. The Company, based on initial consultations with subject matter specialists/experts believes that its position will likely be upheld on ultimate resolution and hence, no provision has been considered in the financial results in this regard.
- 7 The Board of Directors, at its meeting held through tele-conferencing on October 21, 2020, October 22, 2020 and concluded on October 23, 2020, has appointed Mr. Sandeep Kalra, Executive Director and President as the Chief Executive Officer ('CEO') of the Group with effect from October 23, 2020. Accordingly, his designation has been changed to 'Executive Director and Chief Executive Officer'. He shall hold office of CEO for a period of 5 (Five) years i.e. up to October 22, 2025.
- 8 The investors are requested to visit the following website of the Group and Stock Exchanges for further details:
 - Group's website: <https://www.persistent.com/investors>
 - BSE Ltd: www.bseindia.com
 - National Stock Exchange of India Ltd.: www.nseindia.com



Pune
October 23, 2020

By order of Board of Directors of Persistent Systems Limited

Anand Deshpande

Dr. Anand Deshpande
Chairman and Managing Director

"For risks and uncertainties relating to forward-looking statements, please visit our website:- www.persistent.com"

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Independent Auditor's Report on Audited Unconsolidated Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Persistent Systems Limited

Opinion

1. We have audited the accompanying statement of unconsolidated financial results ('the Statement') of Persistent Systems Limited ('the Company') for the quarter ended 30 September 2020 and year to date results for the period 1 April 2020 to 30 September 2020, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time.
2. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - (i) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations, read with SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 (hereinafter referred to as 'the SEBI Circular'), and
 - (ii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standard 34, 'Interim Financial Reporting' ('Ind AS 34') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the unconsolidated net profit after tax (including other comprehensive income) and other financial information of the Company for the quarter ended 30 September 2020 and the year to date results for the period 1 April 2020 to 30 September 2020.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') 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 Statement* 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 ('the ICAI') together with the ethical requirements that are relevant to our audit of the Statement 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 obtained by us, is sufficient and appropriate to provide a basis for our opinion.



Persistent Systems Limited

Independent Auditor's Report on Audited Unconsolidated Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

Responsibilities of Management and Those Charged with Governance for the Statement

4. This Statement has been prepared on the basis of the condensed interim standalone financial statements. The Company's Board of Directors is responsible for the preparation of the Statement that gives a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Ind AS 34 prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations including SEBI Circular. 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 Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
5. In preparing the Statement, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
6. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Statement

7. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 SAs 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 this Statement.
8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.



Persistent Systems Limited

Independent Auditor's Report on Audited Unconsolidated Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

- Conclude on the appropriateness of the Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results 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 unconsolidated financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.
9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

11. The unconsolidated quarterly financial results of the Company for the quarter ended 30 June 2019 included in the Statement was audited by the predecessor auditor, Deloitte Haskins & Sells LLP, who have expressed an unmodified opinion vide their audit report dated 25 July 2019, whose audit report has been furnished to us by the management, and which has been relied upon by us for the purpose of our audit of the Statement. Our opinion is not modified in respect of this matter.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No:001076N/N500013



Bharat Shetty

Partner

Membership No:106815

UDIN:20106815AAAAEW7770

Place: Mumbai

Date: 23 October 2020

Persistent Systems Limited

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Ph. No. +91(20)67030000; Fax +91(20)67030009; Email : info@persistent.com, 'www.persistent.com'. CIN L72300PN1990PLC056696

Audited unconsolidated financial results of Persistent Systems Limited for the quarter and half year ended September 30, 2020

(In ₹ Million)

| Sr. No. | Particulars | | Quarter ended | | | Half year ended | | Year ended |
|---------|--|---------------|---------------------------------|----------------------------|---------------------------------|---------------------------------|---------------------------------|-----------------------------|
| | | | September 30, 2020 (Audited) | June 30, 2020 (Audited) | September 30, 2019 (Audited) | September 30, 2020 (Audited) | September 30, 2019 (Audited) | March 31, 2020 (Audited) |
| | Income | | | | | | | |
| 1 | Revenue from operations (net) | | 5,961.78 | 5,561.38 | 5,017.09 | 11,523.16 | 9,971.04 | 21,081.22 |
| 2 | Other income | | 207.22 | 293.76 | 558.94 | 500.98 | 865.99 | 1,599.04 |
| 3 | Total income | (1+2) | 6,169.00 | 5,855.14 | 5,576.03 | 12,024.14 | 10,837.03 | 22,680.26 |
| 4 | Expenses | | | | | | | |
| | - Employee benefits expense | | 3,265.09 | 3,057.26 | 2,679.51 | 6,322.35 | 5,178.86 | 11,029.06 |
| | - Cost of professionals | | 483.76 | 377.70 | 478.42 | 861.46 | 968.44 | 1,825.37 |
| | - Finance costs | | 9.80 | 8.79 | 11.66 | 18.59 | 24.11 | 44.51 |
| | - Depreciation and amortization expense | | 139.06 | 131.81 | 141.25 | 270.87 | 278.71 | 555.12 |
| | - Other expenses | | 677.00 | 704.10 | 921.83 | 1,381.10 | 1,928.82 | 3,897.14 |
| | Total Expenses | | 4,574.71 | 4,279.66 | 4,232.67 | 8,854.37 | 8,378.94 | 17,351.20 |
| 5 | Profit before exceptional items and tax | (3-4) | 1,594.29 | 1,575.48 | 1,343.36 | 3,169.77 | 2,458.09 | 5,329.06 |
| 6 | Exceptional items | | - | - | - | - | - | - |
| 7 | Profit before tax | (5-6) | 1,594.29 | 1,575.48 | 1,343.36 | 3,169.77 | 2,458.09 | 5,329.06 |
| 8 | Tax expense | | | | | | | |
| | - Current tax | | 430.03 | 409.97 | 262.58 | 840.00 | 600.77 | 1,297.91 |
| | - Tax charge / (credit) in respect of earlier years | | - | 2.74 | - | 2.74 | - | (1.60) |
| | - Deferred tax (credit) / charge | | (12.09) | (51.99) | 12.32 | (64.08) | (45.53) | (44.48) |
| | Total tax expense | | 417.94 | 360.72 | 274.90 | 778.66 | 555.24 | 1,251.83 |
| 9 | Profit for the period / year | (7-8) | 1,176.35 | 1,214.76 | 1,068.46 | 2,391.11 | 1,902.85 | 4,077.23 |
| 10 | Other comprehensive income | | | | | | | |
| | A. Items that will not be reclassified to profit and loss | | | | | | | |
| | - Remeasurements of the defined benefit asset / (liabilities) / (net of tax) | | 6.53 | 17.73 | (8.50) | 24.26 | (33.80) | (30.46) |
| | | | 6.53 | 17.73 | (8.50) | 24.26 | (33.80) | (30.46) |
| | B. Items that may be reclassified to profit and loss | | | | | | | |
| | - Effective portion of cash flow hedge (net of tax) | | 191.01 | 149.98 | (124.71) | 340.99 | (147.90) | (429.15) |
| | | | 191.01 | 149.98 | (124.71) | 340.99 | (147.90) | (429.15) |
| | Total other comprehensive income for the period / year | (A+B) | 197.54 | 167.71 | (133.21) | 365.25 | (181.70) | (459.61) |
| 11 | Total comprehensive income for the period / year (Comprising Profit / (Loss) and Other Comprehensive Income for the period) | (9+10) | 1,373.89 | 1,382.47 | 935.25 | 2,756.36 | 1,721.15 | 3,617.62 |
| 12 | Paid-up equity share capital (Face value of share ₹ 10 each) | | 764.25 | 764.25 | 764.25 | 764.25 | 764.25 | 764.25 |
| 13 | Other equity excluding revaluation reserves | | | | | | | |
| 14 | Earnings per equity share in ₹ (Face value of share ₹ 10 each) | | | | | | | |
| | - Basic | | 15.39 | 15.89 | 13.98 | 31.29 | 24.73 | 53.17 |
| | - Diluted | | 15.39 | 15.89 | 13.98 | 31.29 | 24.73 | 53.17 |
| 15 | Dividend per share (in ₹) (Nominal value of share ₹ 10 each) | | | | | | | |
| | Interim dividend | | - | - | - | - | - | 12.00 |
| | Final dividend | | - | - | - | - | - | - |
| | Total dividend | | - | - | - | - | - | 12.00 |



Audited statement of assets and liabilities

| | | (In ₹ Million) | | |
|--|---|---------------------------------------|---------------------------------------|-----------------------------------|
| | Particulars | As on September 30, 2020 (Audited) | As on September 30, 2019 (Audited) | As on March 31, 2020 (Audited) |
| | ASSETS | | | |
| | Non-current assets | | | |
| | Property, Plant and Equipment | 2,040.34 | 2,151.39 | 2,048.77 |
| | Capital work-in-progress | 23.63 | 6.09 | 48.27 |
| | Right of Use assets | 347.20 | 332.86 | 269.40 |
| | Other Intangible assets | 174.53 | 62.41 | 46.97 |
| | Intangible assets under development | - | 107.08 | 137.20 |
| | Financial assets | | | |
| | - Investments | 7,664.60 | 7,430.22 | 8,379.86 |
| | - Loans | 101.45 | 118.50 | 123.57 |
| | -Other non-current financial assets | 143.66 | 355.45 | 358.93 |
| | Deferred tax assets (net) | 266.74 | 223.80 | 317.35 |
| | Other non-current assets (refer note 5) | 319.71 | 310.64 | 329.39 |
| | Total non-current assets | 11,081.86 | 11,098.44 | 12,059.71 |
| | Current assets | | | |
| | Financial assets | | | |
| | - Investments | 4,933.32 | 1,522.23 | 5,164.77 |
| | - Trade receivables (net) | 2,642.65 | 2,378.14 | 2,883.09 |
| | - Cash and cash equivalents | 497.51 | 340.83 | 532.63 |
| | - Other bank balances | 6,431.04 | 5,639.01 | 2,405.32 |
| | - Loans | 7.16 | 4.83 | 4.76 |
| | - Other current financial assets | 2,122.70 | 2,043.64 | 2,080.07 |
| | Other current assets | 1,661.95 | 1,467.11 | 1,485.37 |
| | Total current assets | 18,296.33 | 13,395.79 | 14,556.01 |
| | TOTAL ASSETS | 29,378.19 | 24,494.23 | 26,615.72 |
| | EQUITY AND LIABILITIES | | | |
| | Equity | | | |
| | Equity share capital | 764.25 | 764.25 | 764.25 |
| | Other equity | 24,989.27 | 21,201.67 | 22,221.13 |
| | Total Equity | 25,753.52 | 21,965.92 | 22,985.38 |
| | Liabilities | | | |
| | Non-current liabilities | | | |
| | Financial liabilities | | | |
| | - Lease liabilities | 254.94 | 249.05 | 191.26 |
| | - Borrowings | 5.54 | 10.61 | 7.08 |
| | Provisions | 225.80 | 168.76 | 182.79 |
| | Total Non-current liabilities | 486.28 | 428.42 | 381.13 |
| | Current liabilities | | | |
| | Financial liabilities | | | |
| | - Lease liabilities | 162.34 | 182.69 | 165.38 |
| | - Trade payables | 824.85 | 736.44 | 972.49 |
| | - Other financial liabilities | 146.82 | 120.87 | 549.73 |
| | Other current liabilities | 872.53 | 622.10 | 851.02 |
| | Provisions | 824.21 | 415.41 | 590.38 |
| | Current tax liabilities (net) | 307.64 | 22.38 | 120.21 |
| | Total current liabilities | 3,138.39 | 2,099.89 | 3,249.21 |
| | TOTAL EQUITY AND LIABILITIES | 29,378.19 | 24,494.23 | 26,615.72 |



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

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



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

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

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



Notes:

- 1 The audited interim condensed unconsolidated financial statements for the quarter and half year ended September 30, 2020, have been taken on record by the Board of Directors at its meeting concluded on October 23, 2020 as recommended by the Audit Committee at its meeting held on October 22, 2020. The statutory auditors have expressed an unqualified audit opinion. The information presented above is extracted from the audited interim condensed unconsolidated financial statements.
- 2 Mr. Christopher (Chris) O'Connor resigned from position of the Executive Director and Chief Executive Officer of the Company w.e.f. August 9, 2020.
- 3 The code on Social security, 2020 relating to employee benefits has been approved by the Parliament and has also been published in Official Gazette of India. However, the date on which it comes into effect has not been notified and the rules are yet to be framed. The Company will complete its evaluation and will give appropriate impact in its financial results in the period in which, the Code becomes effective and the related rules are published.
- 4 The Company has considered the possible effects that may result from COVID-19 in the preparation of these condensed interim unconsolidated financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of COVID-19, the Company has, at the date of approval of these condensed interim financial statements, used internal and external sources of information including internal credit evaluation report and related information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's condensed interim unconsolidated financial statements may differ from that estimated as at the date of approval of these condensed interim unconsolidated financial statements.
- 5 Post quarter ended 30 September 2020, the Company has received a show cause notice on 9th October, 2020 from the Directorate of Revenue Intelligence (DRI) in relation to export incentives aggregating Rs. 255.52 Million claimed by the Company in earlier years, in which the authorities have raised certain additional matters with applicable penalties. The Company, based on initial consultations with subject matter specialists/experts believes that its position will likely be upheld on ultimate resolution and hence, no provision has been considered in the financial results in this regard.
- 6 In accordance with para 4 of Notified Indian Accounting Standard 108 (Ind AS-108) "Operating Segments", the Company has disclosed segment information only on the basis of consolidated financial results.
- 7 The Board of Directors, at its meeting held through tele-conferencing on October 21, 2020, October 22, 2020 and concluded on October 23, 2020, has appointed Mr. Sandeep Kalra, Executive Director and President as the Chief Executive Officer ('CEO') of the Company with effect from October 23, 2020. Accordingly, his designation has been changed to 'Executive Director and Chief Executive Officer'. He shall hold office of CEO for a period of 5 (Five) years i.e. up to October 22, 2025.
- 8 The investors are requested to visit the following website of the Company and Stock Exchanges for further details:
 - Company's website: <https://www.persistent.com/investors>
 - BSE Ltd: www.bseindia.com
 - National Stock Exchange of India Ltd.: www.nseindia.com



Pune
October 23, 2020

By order of Board of Directors of Persistent Systems Limited

Anand Deshpande

Dr. Anand Deshpande
Chairman and Managing Director