

Audited consolidated statement of assets and liabilities

in Million

Particulars	in Million		
	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 COVID 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

in Million

Particulars	Quarter ended			HaH 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)
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

in Million

Sr. No.	Particulars	Quarter ended			HaH 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)
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	1,687.94	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)	March 31, 2020 (Audited)
	- BFSI				2,327.70	1,893.49	2,227.74
	- Healthcare & Life Sciences				1,627.90	1,375.64	1,614.60
	- Technology Companies and Emerging Verticals				3,838.57	4,030.07	4,148.16
	Total allocable segment assets				7,794.17	7,299.20	7,990.50
	Unallocable assets				24,826.30	20,834.61	22,931.19
	Total assets				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

By order of Board of Directors of Persistent Systems Limited



Dr. Anand Deshpande
Chairman and Managing Director

Pune
October 23, 2020

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