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Independent Auditor's Report on Unconsolidated Annual Financial 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 unconsolidated annual financial results ('the Statement') of **Persistent Systems Limited** ('the Company') for the year ended 31 March 2021, 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) presents financial results in accordance with the requirements of Regulation 33 of the Listing Regulations, and
 - (ii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') 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 and other comprehensive income and other financial information of the Company for the year ended 31 March 2021

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 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, is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Statement

4. This Statement has been prepared on the basis of the standalone annual audited financial statements and has been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit/loss and other comprehensive income and other financial information of the Company in accordance with the accounting principles generally accepted in India, including Ind AS 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. 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 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. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has in place 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 the management.

Persistent Systems Limited

Independent Auditor's Report on Unconsolidated Annual Financial 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 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 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 Company 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.
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 Statement includes the financial results for the quarter ended 31 March 2021, being the balancing figures between the audited figures in respect of the full financial year and the published audited year-to-date figures up to the third quarter of the current financial year, which were subject to audit by us.

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

SHASHI
TADWALKAR

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SHASHI TADWALKAR
Date: 2021.04.29
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Shashi Tadwalkar
Partner
Membership No:101797

UDIN:21101797AAAAAT8357

Place: Pune
Date: 29 April 2021

Persistent Systems Limited

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Audited unconsolidated financial results of Persistent Systems Limited for the quarter and year ended March 31, 2021

(In ₹ Million)

Sr. No.	Particulars		Quarter ended			Year ended	
			March 31, 2021 (Audited)	December 31, 2020 (Audited)	March 31, 2020 (Audited)	March 31, 2021 (Audited)	March 31, 2020 (Audited)
	Income						
1	Revenue from operations (net)		6,846.58	6,426.34	5,661.39	24,796.08	21,081.22
2	Other income		349.75	325.43	323.32	1,176.16	1,599.04
3	Total income	(1+2)	7,196.33	6,751.77	5,984.71	25,972.24	22,680.26
4	Expenses						
	- Employee benefits expense		4,071.22	3,699.64	2,944.26	14,093.21	11,029.06
	- Cost of professionals		464.79	448.82	394.63	1,775.07	1,825.37
	- Finance costs		11.21	8.41	9.71	38.21	44.51
	- Depreciation and amortization expense		155.52	140.40	136.46	566.79	555.12
	- Other expenses		592.63	845.03	835.44	2,818.76	3,897.14
	Total Expenses		5,295.37	5,142.30	4,320.50	19,292.04	17,351.20
5	Profit before exceptional items and tax	(3-4)	1,900.96	1,609.47	1,664.21	6,680.20	5,329.06
6	Exceptional items		-	-	-	-	-
7	Profit before tax	(5-6)	1,900.96	1,609.47	1,664.21	6,680.20	5,329.06
8	Tax expense						
	- Current tax		468.18	375.82	372.31	1,684.00	1,297.91
	- Tax charge / (credit) in respect of earlier years		-	-	-	2.74	(1.60)
	- Deferred tax charge / (credit)		32.06	(25.38)	17.08	(57.40)	(44.48)
	Total tax expense		500.24	350.44	389.39	1,629.34	1,251.83
9	Profit for the period / year	(7-8)	1,400.72	1,259.03	1,274.82	5,050.86	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)		24.56	(32.89)	3.09	15.93	(30.46)
			24.56	(32.89)	3.09	15.93	(30.46)
	B. Items that may be reclassified to profit and loss						
	- Effective portion of cash flow hedge (net of tax)		(53.44)	96.00	(250.14)	383.55	(429.15)
			(53.44)	96.00	(250.14)	383.55	(429.15)
	Total other comprehensive income for the period / year	(A+B)	(28.88)	63.11	(247.05)	399.48	(459.61)
11	Total comprehensive income for the period / year (Comprising Profit (Loss) and Other Comprehensive Income for the period)	(9+10)	1,371.84	1,322.14	1,027.77	5,450.34	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
13	Other equity excluding revaluation reserves						22,221.13
14	Earnings per equity share in ₹ (Face value of share ₹ 10 each)						
	- Basic		18.33	16.47	16.68	66.09	53.17
	- Diluted		18.33	16.47	16.68	66.09	53.17
15	Dividend per share (in ₹) (Nominal value of share ₹ 10 each)						
	Interim dividend		-	14.00	3.00	14.00	12.00
	Final dividend		6.00	-	-	6.00	-
	Total dividend		6.00	14.00	3.00	20.00	12.00

Audited statement of assets and liabilities

(In ₹ Million)

Particulars	As on March 31, 2021 (Audited)	As on March 31, 2020 (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	2,270.24	2,048.77
Capital work-in-progress	112.33	48.27
Right of Use assets	314.62	269.40
Other Intangible assets	171.65	46.97
Intangible assets under development	-	137.20
Financial assets		
- Investments	7,779.54	8,379.86
- Loans	52.23	123.57
-Other non-current financial assets	25.76	358.93
Deferred tax assets (net)	245.74	317.35
Other non-current assets	419.73	329.39
Total non-current assets	11,391.84	12,059.71
Current assets		
Financial assets		
- Investments	6,374.95	5,164.77
- Trade receivables (net)	2,966.26	2,883.09
- Cash and cash equivalents	862.72	532.63
- Other bank balances	7,387.00	2,405.32
- Loans	49.33	4.76
- Other current financial assets	2,063.79	2,080.07
Other current assets	1,656.93	1,485.37
Total current assets	21,360.98	14,556.01
TOTAL ASSETS	32,752.82	26,615.72
EQUITY AND LIABILITIES		
Equity		
Equity share capital	764.25	764.25
Other equity	26,890.99	22,221.13
Total Equity	27,655.24	22,985.38
Liabilities		
Non-current liabilities		
Financial liabilities		
- Lease liabilities	304.72	191.26
- Borrowings	5.54	7.08
Provisions	240.94	182.79
Total Non-current liabilities	551.20	381.13
Current liabilities		
Financial liabilities		
- Lease liabilities	73.82	165.38
- Trade payables	938.40	972.49
- Other financial liabilities	397.42	549.73
Other current liabilities	1,679.01	851.02
Provisions	1,145.59	590.38
Current tax liabilities (net)	312.14	120.21
Total current liabilities	4,546.38	3,249.21
TOTAL EQUITY AND LIABILITIES	32,752.82	26,615.72

Notes:

- 1 The audited condensed unconsolidated financial statements for the quarter and year ended March 31, 2021, have been taken on record by the Board of Directors at its meeting held on April 29, 2021 as recommended by the Audit Committee at its meeting held on April 28, 2021. The statutory auditors have expressed an unqualified audit opinion. The information presented above is extracted from the audited interim condensed unconsolidated financial statements.
- 2 The Board of Directors at its meeting held in January 2021 had approved payment of Interim Dividend of ₹ 14 per Equity Share of ₹ 10 each for FY 2020-21. Accordingly, during February 2021, ₹ 985,238,750 (after Tax Deducted at Source) were paid towards the above Dividend and ₹ 84,711,250 towards Tax Deducted at Source.
- 3 The Board of Directors at its meeting held on April 29, 2021, recommended Final Dividend of ₹ 6 per share for the Financial Year 2020-21. This Final Dividend is subject to the approval of Members at the ensuing 31st Annual General Meeting which will be held on or before September 30, 2021.
- 4 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.
- 5 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.
- 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 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

By order of Board of Directors of Persistent Systems Limited

Anand Deshpande

Dr. Anand Deshpande

Chairman and Managing Director

Pune

Date : April 29, 2021

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

Persistent Systems Limited
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	For the year ended	
	March 31, 2021 In ₹ Million	March 31, 2020 In ₹ Million
Cash flows from operating activities		
Profit before tax	6,680.20	5,329.06
Adjustments for:		
Interest income	(548.82)	(525.76)
Finance cost	38.21	44.51
Dividend income	(131.45)	(410.72)
Depreciation and amortization expense	566.79	555.12
Unrealised exchange (gain) / loss (net)	151.02	(128.86)
Exchange (gain) / loss on derivative contracts	(169.80)	58.51
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents	23.15	(46.82)
Bad debts	46.96	-
Provision for expected credit loss (net)	(20.20)	47.31
Provision for doubtful deposits	-	248.48
Employee stock compensation expenses	236.33	60.01
Remeasurements of the defined benefit liabilities / asset (before tax effects)	15.93	(41.80)
(Gain) / loss on fair valuation of mutual funds	133.70	(119.02)
(Profit) on sale of investments (net)	(478.13)	(164.81)
(Profit) on sale of Property, Plant and Equipment (net)	8.10	-
Operating profit before working capital changes	6,551.99	4,905.21
Movements in working capital :		
Decrease / (Increase) in non-current and current loans	37.02	(5.29)
Increase In other non current assets	(78.73)	(261.04)
Decrease / (Increase) in other current financial assets	363.88	(246.75)
Increase in other current assets	(171.56)	(241.93)
Increase in trade receivables	(312.65)	(373.81)
Increase in trade payables, current liabilities and non current liabilities	1,059.46	253.67
Increase / (Decrease) in provisions	613.36	(49.40)
Operating profit after working capital changes	8,062.77	3,980.66
Direct taxes paid (net of refunds)	(1,494.81)	(1,217.69)
Net cash generated from operating activities	(A) 6,567.96	2,762.97
Cash flows from investing activities		
Payment towards capital expenditure (including intangible assets)	(707.24)	(483.57)
Proceeds from sale of Property, Plant and Equipment	4.13	4.08
Investment in wholly owned subsidiaries	(376.61)	(474.00)
Purchase of bonds	(712.18)	(901.61)
Proceeds from sale of bonds	350.53	819.87
Investments in mutual funds	(24,591.91)	(19,456.95)
Proceeds from sale / maturity of mutual funds	25,068.92	17,670.49
(Investments)/ maturity in bank deposits having original maturity over three months	(4,464.82)	2,044.25
Maturity of deposit with financial institutions	-	250.00
Interest received	359.89	484.68
Dividend received	131.45	410.72
Net cash (used in) / generated from investing activities	(B) (4,937.84)	367.96
Cash flows from financing activities		
(Repayment of) long term borrowings	(4.54)	(4.62)
Shares bought back	-	(1,677.01)
Specific project related grant received	9.00	3.00
Payment of lease liabilities	(173.11)	(188.37)
Dividend paid	(1,069.95)	(1,144.60)
Tax on dividend paid	-	(154.14)
Interest paid	(38.28)	(44.50)
Net cash (used in) financing activities	(C) (1,276.88)	(3,210.24)

Persistent Systems Limited**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021**

	For the year ended	
	March 31, 2021	March 31, 2020
	In ₹ Million	In ₹ Million
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	353.24	(79.31)
Cash and cash equivalents at the beginning of the year	532.63	565.12
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(23.15)	46.82
Cash and cash equivalents at the end of the year	862.72	532.63
Components of cash and cash equivalents		
Cash on hand	0.10	0.15
Balances with banks		
On current accounts #	360.22	198.79
On saving accounts	1.33	0.36
On deposit account with maturity of less than three months	292.50	71.47
On Exchange Earner's Foreign Currency accounts	208.57	261.86
Cash and cash equivalents	862.72	532.63

Out of the cash and cash equivalent balance as at March 31, 2021, the Company can utilise ₹ 154.39 Million (Previous year: ₹ 6.62 Million) only towards certain predefined activities specified in the agreement.