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Independent Auditor's Report on Audited Standalone 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 statement of standalone financial results ('the Statement') of **Persistent Systems Limited** ('the Company') for the quarter and half year ended **30 September 2022**, 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').
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') specified under section 133 of the Companies Act, 2013 ('the Act'), read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India, of the standalone net profit after tax and other comprehensive income and other financial information of the Company for the quarter and half year ended 30 September 2022.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 Standalone Financial Results 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 condensed interim standalone 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 and other comprehensive income and other financial information of the Company in accordance with the Ind AS specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 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 are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
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, specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the 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 management.

Persistent Systems Limited
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- 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 standalone 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.

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

SHASHI
TADWALKAR

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SHASHI TADWALKAR
Date: 2022.10.19
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Shashi Tadwalkar
Partner
Membership No:101797

UDIN:22101797BAGCKT9982

Place: Pune
Date: 19 October 2022

Persistent Systems Limited

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Audited unconsolidated financial results of Persistent Systems Limited for the quarter and half year ended September 30, 2022
Audited unconsolidated statement of assets and liabilities

(In ₹ Million)

Particulars	As on September 30, 2022	As on September 30, 2021	As on March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3,088.17	2,601.22	2,733.61
Capital work-in-progress	1,149.55	7.15	1,071.02
Right of use assets	1,521.92	556.78	671.63
Goodwill	54.39	-	-
Other intangible assets	724.12	176.27	780.73
Financial assets			
- Investments	11,461.95	8,165.99	8,734.81
- Loans	3,753.83	1,880.00	3,943.68
-Other non-current financial assets	570.96	3,118.65	226.68
Deferred tax assets (net)	455.47	222.47	266.72
Other non-current assets	1,252.42	1,417.97	557.98
Total non-current assets	24,032.78	18,146.50	18,986.86
Current assets			
Financial assets			
- Investments	2,086.50	3,144.87	4,346.91
- Trade receivables (net)	7,061.01	3,383.92	4,426.84
- Cash and cash equivalents	1,218.27	638.75	563.67
- Bank balances other than cash and cash equivalents	4,360.79	6,308.38	6,038.02
- Loans	-	-	-
- Other current financial assets	3,448.32	2,762.01	3,724.83
Other current assets	1,991.70	1,535.35	1,371.26
Total current assets	20,166.59	17,773.28	20,471.53
TOTAL ASSETS	44,199.37	35,919.78	39,458.39
EQUITY AND LIABILITIES			
Equity			
Equity share capital	764.25	764.25	764.25
Other equity	35,464.92	29,811.43	32,424.60
Total Equity	36,229.17	30,575.68	33,188.85
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	1.84	3.69	3.70
- Lease liabilities	1,118.98	518.87	611.75
Provisions	329.11	252.59	245.54
Total Non-current liabilities	1,449.93	775.15	860.99
Current liabilities			
Financial liabilities			
- Borrowings	1.85	1.85	1.93
- Lease liabilities	422.82	112.83	146.51
- Trade payables			
-total outstanding dues of micro enterprises and small enterprises	17.21	45.55	10.30
-total outstanding dues of creditors other than micro enterprises and small enterprises	1,069.20	856.59	844.68
- Other financial liabilities	820.85	166.12	382.98
Other current liabilities	2,103.72	1,961.69	1,509.04
Provisions	1,826.77	1,168.02	2,269.73
Current tax liabilities (net)	257.85	256.30	243.38
Total current liabilities	6,520.27	4,568.95	5,408.55
TOTAL EQUITY AND LIABILITIES	44,199.37	35,919.78	39,458.39

Audited unconsolidated cash flow statement for the half year ended September 30, 2022

(In ₹ Million)

	For the half year ended		For the year ended
	September 30, 2022	September 30, 2021	March 31, 2022
Cash flows from operating activities			
Profit before tax	4,643.54	4,288.77	9,120.61
Adjustments for:			
Interest income	(324.75)	(251.23)	(593.58)
Finance cost	49.18	35.69	68.78
Dividend income	-	-	(53.16)
Depreciation and amortization expense	616.77	360.50	837.57
Unrealised exchange (gain) / loss (net)	(127.12)	30.66	26.38
Exchange loss on derivative contracts	133.98	57.87	79.38
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents	11.23	(3.59)	0.29
Bad debts	-	-	12.12
Change in provision for expected credit loss (net)	11.61	(4.75)	(29.97)
Employee stock compensation expenses	562.24	277.34	739.52
Remeasurements of the defined benefit liabilities / assets (before tax effects)	39.78	(64.89)	(190.82)
Excess provision in respect of earlier years written back	(0.95)	-	(15.53)
Profit on sale/ fair valuation of financial assets designated as FVTPL	(51.41)	(218.20)	(338.78)
Profit on sale of Property, Plant and Equipment (net)	(1.16)	(4.72)	(12.31)
Operating profit before working capital changes	5,562.94	4,503.45	9,650.50
Movements in working capital :			
Increase in other non current assets	(156.75)	(16.99)	(40.48)
Increase in other non current financial assets	(112.84)	(13.63)	(70.68)
Decrease / (Increase) in other current financial assets	327.78	(765.82)	(1,594.52)
(Increase) / Decrease in other current assets	(646.53)	120.82	285.67
Increase in trade receivables	(2,447.62)	(440.16)	(1,470.96)
Increase in trade payables, current liabilities and non current liabilities	1,683.43	566.79	273.76
(Decrease) / Increase in provisions	(358.44)	34.08	1,144.27
Operating profit after working capital changes	3,851.97	3,988.54	8,177.56
Direct taxes paid (net of refunds)	(1,211.85)	(1,144.77)	(2,318.85)
Net cash generated from operating activities (A)	2,640.12	2,843.77	5,858.71
Cash flows from investing activities			
Payment towards capital expenditure (including intangible assets, capital advances and capital creditors)	(2,471.28)	(2,027.12)	(2,728.84)
Acquisition of assets through business combination	-	-	(628.87)
Proceeds from sale of Property, Plant and Equipment	1.25	5.05	13.19
Share application money paid	-	(2,969.60)	-
Investment in wholly owned subsidiaries	(2,652.93)	-	(645.52)
Recovery / (Disbursement) of Loan from / to ESOP trust	172.00	(1,880.00)	(3,522.00)
Purchase of bonds	(62.97)	(562.62)	(711.90)
Proceeds from sale of bonds	31.49	239.35	499.95
Investments in mutual funds	(18,060.60)	(15,686.10)	(33,456.80)
Proceeds from sale / maturity of mutual funds	20,366.55	19,127.50	35,762.24
Proceeds from maturity of bank deposits having original maturity over three months	1,542.42	900.50	1,249.81
Investment in deposit with financial institutions	(200.00)	-	(100.00)
Inter corporate deposits given to a wholly owned subsidiary	-	-	(419.59)
Interest received	385.23	363.04	709.07
Dividend received	-	-	53.16
Net cash used in investing activities (B)	(948.84)	(2,490.00)	(3,926.10)
Cash flows from financing activities			
Repayment of long term borrowings	(1.86)	(1.85)	(1.84)
Payment of lease liabilities	(133.65)	(85.13)	(173.67)
Dividend paid	(840.68)	(458.55)	(1,987.05)
Interest paid	(49.26)	(35.80)	(68.81)
Net cash used in financing activities (C)	(1,025.45)	(581.33)	(2,231.37)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	665.82	(227.56)	(298.76)
Cash and cash equivalents at the beginning of the year	563.67	862.72	862.72
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(11.23)	3.59	(0.29)
Cash and cash equivalents at the end of the period/ year	1,218.26	638.75	563.67
Components of cash and cash equivalents			
Cash on hand (refer note 12)	0.10	0.07	0.09
Balances with banks			
On current accounts # (refer note 12)	729.74	271.62	302.74
On saving accounts (refer note 12)	31.74	8.46	1.64
On exchange earner's foreign currency accounts (refer note 12)	456.69	358.60	259.20
Cash and cash equivalents	1,218.27	638.75	563.67

Of the cash and cash equivalent balance as at September 30, 2022, the Company can utilise ₹ 37.42 million (Corresponding period : ₹ 170.21 million, Previous year: ₹ 35.75 million) only towards certain predefined activities specified in the agreement.

Persistent Systems Limited

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Audited unconsolidated financial results of Persistent Systems Limited for the quarter and half year ended September 30, 2022

Notes:

- 1 The audited condensed interim unconsolidated financial statements for the quarter and half year ended September 30, 2022, have been taken on record by the Board of Directors at its meeting held on October 19, 2022 as recommended by the Audit Committee at its meeting held on October 18, 2022. The statutory auditors have expressed an unqualified audit opinion. The information presented above is extracted from the audited condensed interim unconsolidated financial statements.
- 2 The above unconsolidated financial results have been prepared from the condensed interim unconsolidated financial statements, which are prepared in accordance with Indian Accounting Standards ("Ind AS"), the provisions of the Companies Act, 2013 ("the Companies Act"), as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI"). The Ind AS are prescribed under Section 133 of the Companies Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and amendments issued thereafter. All amounts included in the unconsolidated financial results (including notes) are reported in millions of Indian rupees (in ₹ millions) except share and per share data, unless otherwise stated.
- 3 The Members of the Company at the Thirty-Second Annual General Meeting held on July 19, 2022, approved payment of the Final Dividend of ₹ 11 per Equity Share for FY 2021-22 ('Final Dividend'). Accordingly, an amount of ₹ 840.35 million was paid towards the Final Dividend as of September 30, 2022, out of the total dividend amount of ₹ 840.68 million. The remaining amount of ₹ 0.33 million is unclaimed and the Company will make due efforts to pay the same to the respective Shareholders.
- 4 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.
- 5 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



Dr. Anand Deshpande
Chairman and Managing Director

Pune
Date : October 19, 2022