
Walker Chandio & Co LLP

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

T +91 20 6744 8888

F +91 20 6744 8899

Independent Auditor's Report on the Audit of the Condensed Interim Standalone Financial Statements for the quarter and half year ended 30 September 2022

To the Board of Directors of Persistent Systems Limited

Opinion

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

Basis for Opinion

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

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

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

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

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

Persistent Systems Limited
Independent Auditor's Report on the Audit of the Condensed Interim Standalone Financial Statements for the quarter and half year ended 30 September 2022

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed interim standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the condensed interim standalone financial statements, including the disclosures, and whether the condensed interim standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
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 Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

SHASHI
TADWALKAR

Digitally signed by
SHASHI TADWALKAR
Date: 2022.10.19
18:19:17 +05'30'

Shashi Tadwalkar
Partner
Membership No:101797

UDIN:22101797BAGBAV4067

Place: Pune
Date: 19 October 2022

Persistent Systems Limited

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2022

	Notes	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
ASSETS				
Non-current assets				
Property, plant and equipment	4.1	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	4.2	1,521.92	556.78	671.63
Goodwill	4.3	54.39	-	-
Other intangible assets	4.4	724.12	176.27	780.73
		6,538.15	3,341.42	5,256.99
Financial assets				
- Investments	5	11,461.95	8,165.99	8,734.81
- Loans	6	3,753.83	1,880.00	3,943.68
- Other non current financial assets	7	570.96	3,118.65	226.68
Deferred tax assets (net)	8	455.47	222.47	266.72
Other non-current assets	9	1,252.42	1,417.97	557.98
		24,032.78	18,146.50	18,986.86
Current assets				
Financial assets				
- Investments	10	2,086.50	3,144.87	4,346.91
- Trade receivables (net)	11	7,061.01	3,383.92	4,426.84
- Cash and cash equivalents	12	1,218.27	638.75	563.67
- Bank balances other than cash and cash equivalents	13	4,360.79	6,308.38	6,038.02
- Loans	14	-	-	-
- Other current financial assets	15	3,448.32	2,762.01	3,724.83
Other current assets	16	1,991.70	1,535.35	1,371.26
		20,166.59	17,773.28	20,471.53
TOTAL		44,199.37	35,919.78	39,458.39
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	17	764.25	764.25	764.25
Other equity		35,464.92	29,811.43	32,424.60
		36,229.17	30,575.68	33,188.85
LIABILITIES				
Non-current liabilities				
Financial liabilities				
- Borrowings	18	1.84	3.69	3.70
- Lease liabilities	19	1,118.98	518.87	611.75
Provisions	20	329.11	252.59	245.54
		1,449.93	775.15	860.99
Current liabilities				
Financial liabilities				
- Borrowings	18	1.85	1.85	1.93
- Lease liabilities	19	422.82	112.83	146.51
- Trade payables	21			
-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	22	820.85	166.12	382.98
Other current liabilities	23	2,103.72	1,961.69	1,509.04
Provisions	24	1,826.77	1,168.02	2,269.73
Current tax liabilities (net)		257.85	256.30	243.38
		6,520.27	4,568.95	5,408.55
TOTAL		44,199.37	35,919.78	39,458.39
Summary of significant accounting policies				
	3			

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

As per our report of even date

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

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.10.19 18:20:55 +05'30'

Shashi Tadwalkar
Partner

Membership No.: 101797

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

Anand Deshpande

Dr. Anand Deshpande
Chairman and Managing
Director

DIN: 00005721

Place: Pune
Date : October 19, 2022

Sandeep Kalra
Sandeep Kalra (Oct 19, 2022 17:01 GMT+5.5)

Praveen Purushottam Kadle
Digitally signed by Praveen Purushottam Kadle
Date: 2022.10.19 17:11:22 +05'30'

Praveen Kadle
Independent Director

DIN: 00016814

Place: Pune
Date : October 19, 2022

Sunil Sapre
Sunil Sapre (Oct 19, 2022 16:07 GMT+5.5)

Sunil Sapre
Executive Director and
Chief Financial Officer

DIN: 06475949

Place: Pune
Date : October 19, 2022

Amit Atre
Amit Atre (Oct 19, 2022 15:57 GMT+5.5)

Amit Atre
Company Secretary

Membership No. A20507

Place: Pune
Date : October 19, 2022

Place: Pune
Date : October 19, 2022

Persistent Systems Limited**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2022**

	Notes	For the quarter ended		For the half year ended		For the year ended
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
		In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Income						
Revenue from operations (net)	25	12,247.66	8,469.85	23,268.42	16,118.19	35,754.80
Other income	26	107.16	281.65	344.93	626.33	1,324.57
Total income (A)		12,354.82	8,751.50	23,613.35	16,744.52	37,079.37
Expenses						
Employee benefits expense	27.1	7,758.59	5,109.82	14,713.87	9,551.36	21,882.72
Cost of professionals	27.2	601.74	472.67	1,029.45	809.92	1,461.91
Finance costs (refer note 36)		29.32	17.19	49.18	35.69	68.78
Depreciation and amortization expense	4,5	332.24	197.79	616.77	360.50	837.57
Other expenses	28	1,300.35	875.13	2,560.54	1,698.28	3,707.78
Total expenses (B)		10,022.24	6,672.60	18,969.81	12,455.75	27,958.76
Profit before tax (A - B)		2,332.58	2,078.90	4,643.54	4,288.77	9,120.61
Tax expense						
Current tax		603.72	518.83	1,215.96	1,056.05	2,236.61
Tax charge in respect of earlier years		-	-	-	-	13.48
Deferred tax (credit)/ charge		(22.19)	36.12	(72.26)	47.82	11.86
Total tax expense		581.53	554.95	1,143.70	1,103.87	2,261.95
Profit for the period / year (C)		1,751.05	1,523.95	3,499.84	3,184.90	6,858.66
Other comprehensive income						
Items that will not be reclassified to profit or loss (D)						
- Remeasurements of the defined benefit liabilities / asset		(24.24)	(52.60)	39.78	(130.64)	(255.00)
- Income tax effect on above		5.75	13.13	(10.36)	32.87	64.18
		(18.49)	(39.47)	29.42	(97.77)	(190.82)
Items that will be reclassified to profit or loss (E)						
- Effective portion of cash flow hedge		(178.81)	29.55	(462.84)	(97.55)	(130.50)
- Income tax effect on above		45.01	(7.44)	116.49	24.55	32.84
		(133.80)	22.11	(346.35)	(73.00)	(97.66)
Total other comprehensive income for the period / year (D) + (E)		(152.29)	(17.36)	(316.93)	(170.77)	(288.48)
Total comprehensive income for the period / year (C) + (D) + (E)		1,598.76	1,506.59	3,182.91	3,014.13	6,570.18
Earnings per equity share						
[Nominal value of share ₹10 (Corresponding period / Previous year: ₹10)]	29					
Basic (In ₹)		22.91	19.94	45.79	41.67	89.74
Diluted (In ₹)		22.91	19.94	45.79	41.67	89.74
Summary of significant accounting policies	3					

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

As per our report of even date

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

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.10.19 18:21:23 +05'30'

Shashi Tadwalkar
Partner

Membership No.: 101797

For and on behalf of the Board of Directors of

Persistent Systems Limited
Sandeep Kalra
Sandeep Kalra (Oct 19, 2022 17:01 GMT+5.5)

Anand Deshpande

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Place: Pune
Date : October 19, 2022

Sandeep Kalra
Executive Director and Chief Executive Officer
DIN: 02506494

Place: Pune
Date : October 19, 2022

Praveen Purushottam Kadle
Digitally signed by Praveen Purushottam Kadle
Date: 2022.10.19 17:11:53 +05'30'

Praveen Kadle
Independent Director
DIN: 00016814

Place: Pune
Date : October 19, 2022

Sunil Sapre

Sunil Sapre (Oct 19, 2022 16:07 GMT+5.5)

Amit Atre

Amit Atre (Oct 19, 2022 15:57 GMT+5.5)

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Pune
Date : October 19, 2022

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date : October 19, 2022

Place: Pune
Date : October 19, 2022

Persistent Systems Limited**CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2022**

	For the half year ended		For the year ended
	September 30, 2022	September 30, 2021	March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million
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)

Persistent Systems Limited**CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2022**

	For the half year ended		For the year ended
	September 30, 2022	September 30, 2021	March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	665.83	(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	1,218.27	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.

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

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

SHASHI TADWALKAR
Digitally signed by SHASHI TADWALKAR
Date: 2022.10.19 18:23:13 +05'30'

Shashi Tadwalkar
Partner

Membership No.: 101797

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

Anand Deshpande

Dr. Anand Deshpande
Chairman and Managing Director

DIN: 00005721

Place: Pune
Date : October 19, 2022

Sandeep Kalra
Sandeep Kalra (Oct 19, 2022 17:01 GMT+5.5)

Sandeep Kalra
Executive Director and Chief Executive Officer

DIN: 02506494

Place: Pune
Date : October 19, 2022

Praveen Purushottam Kadle
Praveen Purushottam Kadle
Date: 2022.10.19 17:12:21 +05'30'

Praveen Kadle
Independent Director

DIN: 00016814

Place: Pune
Date : October 19, 2022

Sunil Sapre
Sunil Sapre (Oct 19, 2022 16:07 GMT+5.5)

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Pune
Date : October 19, 2022

Amit Atre
Amit Atre (Oct 19, 2022 15:57 GMT+5.5)

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date : October 19, 2022

Place: Pune
Date : October 19, 2022

Persistent Systems Limited**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR HALF YEAR ENDED SEPTEMBER 30, 2022****A. Equity share capital**

(Refer note 17)

(In ₹ Million)

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

(In ₹ Million)

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

(In ₹ Million)

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

(This space is intentionally left blank)

Persistent Systems Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR HALF YEAR ENDED SEPTEMBER 30, 2022

B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus				Items of other comprehensive income	Total
	General reserve	Share options outstanding reserve	Capital redemption reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2022	17,376.65	1,144.84	35.75	13,825.56	41.80	32,424.60
Profit for the period	-	-	-	3,499.84	-	3,499.84
Items recognised in / from other comprehensive income for the period	-	-	-	29.42	(346.35)	(316.93)
Dividend	-	-	-	(840.68)	-	(840.68)
Employee stock compensation expenses	-	562.24	-	-	-	562.24
Employee stock compensation expenses of subsidiaries	-	135.85	-	-	-	135.85
Balance as at September 30, 2022	17,376.65	1,842.93	35.75	16,514.14	(304.55)	35,464.92

(In ₹ Million)

Particulars	Reserves and surplus				Items of other comprehensive income	Total
	General reserve	Share options outstanding reserve	Capital redemption reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2021	14,356.35	471.20	35.75	11,888.23	139.46	26,890.99
Net profit for the period	-	-	-	3,184.90	-	3,184.90
Items recognised in / from other comprehensive income for the period	-	-	-	(97.77)	(73.00)	(170.77)
Dividend	-	-	-	(458.55)	-	(458.55)
Employee stock compensation expenses	-	277.34	-	-	-	277.34
Employee stock compensation expenses of subsidiaries	-	87.52	-	-	-	87.52
Balance as at September 30, 2021	14,356.35	836.06	35.75	14,516.81	66.46	29,811.43

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

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

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

SHASHI
TADWALKAR

Shashi Tadwalkar
Partner

Membership No.: 101797

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

Anand Deshpande

Dr. Anand Deshpande
Chairman and Managing Director

DIN: 00005721

Place: Pune
Date : October 19, 2022

Sandeep Kalra

Sandeep Kalra (Oct 19, 2022 17:01 GMT+5.5)

Sandeep Kalra
Executive Director and Chief
Executive Officer

DIN: 02506494

Place: Pune
Date : October 19, 2022

Praveen
Purushottam Kadle

Praveen Kadle
Independent Director

DIN: 00016814

Place: Pune
Date : October 19, 2022

Sunil Sapre

Sunil Sapre (Oct 19, 2022 16:07 GMT+5.5)

Sunil Sapre
Executive Director and
Chief Financial Officer

DIN: 06475949

Place: Pune
Date : October 19, 2022

Amit Atre

Amit Atre (Oct 19, 2022 15:57 GMT+5.5)

Amit Atre
Company Secretary

Membership No. A20507

Place: Pune
Date : October 19, 2022

Place: Pune
Date : October 19, 2022

Nature and purpose of reserves

a) General reserve

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

b) Share options outstanding reserve

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

c) Capital redemption reserve

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

d) Retained earnings

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

e) Cash flow hedge reserve

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

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

1 Nature of operations

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

The Board of Directors approved the condensed interim financial statements for the half year ended September 30, 2022 and authorised for issue on October 19, 2022.

2 Basis of preparation

2.1 Historical cost convention and Indian Accounting Standards

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

2.2 Compliance with Ind AS

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

2.3 New amendments issued but not effective

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

2.4 Reclassifications consequent to amendments to Schedule III

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

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

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

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

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

Balance Sheet (extract)	September 30, 2021 (Previously Reported)	Increase/ (Decrease)	September 30, 2021 (Restated)
Non-current assets			
Loans	1,987.70	(107.70)	1,880.00
Other non-current financial assets	3,010.95	107.70	3,118.65
Current assets			
Loans	6.00	(6.00)	-
Other current financial assets	2,756.01	6.00	2,762.01
Current Liabilities			
Other financial liabilities	167.97	(1.85)	166.12
Borrowings	-	1.85	1.85

3 Significant accounting policies

3.1 Use of estimates

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

3.2 Critical accounting estimates

a) Revenue recognition

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

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

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

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

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

b) Income taxes

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

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

c) Business combination

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

d) Property, plant and equipment

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

e) Leases

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

3.3 Summary of significant accounting policies

a) Current versus non-current classification

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

b) Property, Plant and Equipment

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

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

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

c) Intangible assets

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

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

Research and development cost

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

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

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

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

d) Depreciation and amortization

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

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

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

*For these classes of assets, based on a technical evaluation, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets.

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

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

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

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

e) Borrowing costs

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

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

f) Leases

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

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

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

Where the Company is a lessee

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

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

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

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

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

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

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

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

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

Company as a lessor

At the inception of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Company recognises lease payments received under operating leases as income over the lease term on a straight line basis.

g) Impairment of Non-financial assets

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

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

h) Financial instruments

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

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company's business model refers to how it manages its financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Non-derivative financial instruments**Subsequent measurement****Financial assets****Financial assets at amortized cost**

Financial assets that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.

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

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

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

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

Financial liabilities**Financial liabilities at amortised cost**

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

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

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

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

Investments in subsidiaries, associates and joint ventures

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

Derivative financial instruments

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

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

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

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

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

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

Derecognition

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

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

Financial guarantee contracts

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

Fair value of financial instruments

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

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

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

Impairment of financial assets

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

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

i) Revenue recognition

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services. The Company's contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Income from software services and products

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

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

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

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

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

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

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

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

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

Interest

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

Dividend

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

Contract balances**Contract assets**

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

Contract liabilities

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

j) Government grants

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

k) Foreign currency translation***Foreign currency transactions and balances******Initial recognition***

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

Conversion

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

Exchange differences

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

Translation of foreign operations

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

l) Retirement and other employee benefits***Provident fund***

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

Gratuity

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

Superannuation

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

Leave encashment

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

Long service awards

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

m) Income taxes

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

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

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

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

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

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

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

n) Segment reporting

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

o) Earnings per share (EPS)

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

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

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

p) Provisions

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

q) Contingent liabilities

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

r) Cash and cash equivalents

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

s) Share based payments

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

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

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

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

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

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

t) Equity

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

u) Dividend

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

v) Business Combination

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

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

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

w) Goodwill / Gain on bargain purchase

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

(This space is intentionally left blank)

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

4.1 Property, plant and equipment

	(In ₹ Million)								
	Land-Freehold	Buildings*	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (at cost)									
As at April 1, 2022	206.92	2,389.08	3,273.91	58.00	1,389.40	20.79	557.84	7.27	7,903.21
Additions	-	-	376.38	4.66	247.42	-	146.71	-	775.17
Disposals	-	-	35.09	-	1.76	-	1.41	-	38.26
As at September 30, 2022	206.92	2,389.08	3,615.20	62.66	1,635.06	20.79	703.14	7.27	8,640.12
Accumulated depreciation									
As at April 1, 2022	-	1,253.87	2,156.39	50.81	1,180.30	20.79	501.49	5.95	5,169.60
Charge for the period	-	48.32	309.40	1.52	39.14	-	21.67	0.47	420.52
Disposals	-	-	35.00	-	1.76	-	1.41	-	38.17
As at September 30, 2022	-	1,302.19	2,430.79	52.33	1,217.68	20.79	521.75	6.42	5,551.95
Net block									
As at September 30, 2022	206.92	1,086.89	1,184.41	10.33	417.38	-	181.39	0.85	3,088.17

4.2 Right of use assets

	(In ₹ Million)		
	Office premises	Leasehold land	Total
Gross block (at cost)			
As at April 1, 2022	808.27	37.50	845.77
Additions	869.98	94.47	964.45
As at September 30, 2022	1,678.25	131.97	1,810.22
Accumulated depreciation			
As at April 1, 2022	172.38	1.76	174.14
Charge for the period	113.47	0.69	114.16
As at September 30, 2022	285.85	2.45	288.30
Net block			
As at September 30, 2022	1,392.40	129.52	1,521.92

* Note: Building includes those constructed on leasehold land.

a) Gross block as on September 30, 2022 ₹ 1,455.94 million (Corresponding period ₹ 1,455.94 million / Previous year ₹ 1,455.94 million)

b) Depreciation charge for the year ₹ 29.62 million (Corresponding period ₹ 29.61 million / Previous year ₹ 59.07 million)

c) Accumulated depreciation as on September 30, 2022 ₹ 646.76 million (Corresponding period ₹ 587.68 million / Previous year ₹ 617.14 million)

d) Net block value as on September 30, 2022 ₹ 809.18 million (Corresponding period ₹ 868.26 million / Previous year ₹ 838.80 million)

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

4.1 Property, plant and equipment

(In ₹ Million)

	Land- Freehold	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (at cost)									
As at April 1, 2021	206.92	2,387.73	2,331.29	57.84	1,407.04	20.79	527.32	7.24	6,946.17
Additions	-	1.34	511.51	3.19	57.10	-	25.18	-	598.32
Disposals	-	-	0.58	-	68.21	-	4.94	-	73.73
As at September 30, 2021	206.92	2,389.07	2,842.22	61.03	1,395.93	20.79	547.56	7.24	7,470.76
Accumulated depreciation									
As at April 1, 2021	-	1,157.49	1,732.90	51.75	1,215.65	20.19	492.97	4.98	4,675.93
Charge for the period	-	48.31	181.35	1.39	23.67	0.40	11.43	0.47	267.02
Disposals	-	-	0.42	-	68.05	-	4.94	-	73.41
As at September 30, 2021	-	1,205.80	1,913.83	53.14	1,171.27	20.59	499.46	5.45	4,869.54
Net block									
As at September 30, 2021	206.92	1,183.27	928.39	7.89	224.66	0.20	48.10	1.79	2,601.22

4.2 Right of use assets

(In ₹ Million)

	Office premises	Leasehold land	Total
Gross block (at cost)			
As at April 1, 2021	443.17	37.50	480.67
Additions	302.65	-	302.65
Disposals	110.28	-	110.28
As at September 30, 2021	635.54	37.50	673.04
Accumulated depreciation			
As at April 1, 2021	164.87	1.18	166.05
Charge for the period	60.20	0.29	60.49
Disposals	110.28	-	110.28
As at September 30, 2021	114.79	1.47	116.26
Net block			
As at September 30, 2021	520.75	36.03	556.78

4.1 Property, plant and equipment

(In ₹ Million)

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

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

4.2 Right of use assets

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

(This space is intentionally left blank)

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

4.3 Goodwill

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Balance at beginning of year	-	-	-
Addition on purchase price allocation of business combination (refer note 34)	54.39	-	-
Balance at end of period/ year	54.39	-	-

4.4 Other intangible assets

	Software	Acquired contractual rights	Provisional Intangible Assets	(In ₹ Million) Total
Gross block				
As at April 1, 2022	987.10	261.74	626.90	1,875.74
Additions	79.87	-	-	79.87
Reclassification on purchase price allocation of business combination (refer note 34)	-	52.35	(106.74)	(54.39)
Disposals	390.70	-	-	390.70
As at September 30, 2022	676.27	314.09	520.16	1,510.52
Accumulated amortization				
As at April 1, 2022	821.98	261.74	11.29	1,095.01
Charge for the period	43.46	8.52	30.11	82.09
Reclassification on purchase price allocation of business combination	-	6.19	(6.19)	-
Disposals	390.70	-	-	390.70
As at September 30, 2022	474.74	276.45	35.21	786.40
Net block				
As at September 30, 2022	201.53	37.64	484.95	724.12

	Software	Acquired contractual rights	(In ₹ Million) Total
Gross block			
As at April 1, 2021	925.11	261.74	1,186.85
Additions	37.61	-	37.61
As at September 30, 2021	962.72	261.74	1,224.46
Accumulated amortization			
As at April 1, 2021	753.46	261.74	1,015.20
Charge for the period	32.99	-	32.99
As at September 30, 2021	786.45	261.74	1,048.19
Net block			
As at September 30, 2021	176.27	-	176.27

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

4.5 Depreciation and amortization expense

	For the quarter ended		For the Half year ended		For the Year ended
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
On Property, plant and equipment	220.16	150.19	420.52	267.02	629.97
On Right of use assets	69.73	31.31	114.16	60.49	127.79
On Other intangible assets	42.35	16.29	82.09	32.99	79.81
	332.24	197.79	616.77	360.50	837.57

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

5. Non-current financial assets : Investments

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Investments carried at cost			
Unquoted investments			
Investments in equity instruments			
- In wholly owned subsidiary companies (Refer note 31)			
Persistent Systems, Inc, 702 million (Corresponding period: 402 million, Previous year: 482 million) shares of USD 0,10 each, fully paid up	4,729.74	2,478.01	3,048.26
Persistent Systems Pte Ltd, 0,50 million (Corresponding period/ Previous year: 0,50 million) shares of SGD 1 each, fully paid up	15.50	15.50	15.50
Persistent Systems France SAS 1,50 million (Corresponding period/ Previous year: 1,50 million) shares of EUR 1 each, fully paid up	97.47	97.47	97.47
Persistent Systems Malaysia Sdn. Bhd., 5,45 million (Corresponding period/ Previous year: 5,45 million) shares of MYR 1 each, fully paid up	102.25	102.25	102.25
Persistent Systems Germany GmbH 11,65 million (Corresponding period/ Previous year: 11,65 million) shares of EUR 1 each, fully paid up	1,265.91	1,265.91	1,265.91
CAPIOT Software Private Limited 0,19 million (Corresponding period 0,19 / Previous year: 0,19) shares of Rs. 10 each, fully paid up	483.71	382.31	483.71
Media Agility India Private Limited 3,21 million (Corresponding period Nil / Previous year: Nil) shares of Rs. 10 each, fully paid up.	971.45	-	-
Total investments carried at cost (A)	7,666.03	4,341.45	5,013.10
Investments carried at amortised cost			
Quoted investments			
In bonds	2,830.72	2,898.99	2,801.81
[Market value ₹ 2,827.66 million (Corresponding period: ₹ 3,082.55 million /Previous year ₹ 2,863.32 million)]			
Add: Interest accrued on bonds	114.35	123.49	77.48
Total investments carried at amortised cost (B)	2,945.07	3,022.48	2,879.29
Designated as fair value through profit and loss			
Unquoted investments			
- Investments in mutual funds			
Fair value of long term mutual funds (Refer Note 5 (a))	844.85	796.06	836.42
	844.85	796.06	836.42
- Others*			
Altizon Systems Private Limited 3,766 equity shares (Corresponding period/ Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up	6.00	6.00	6.00
	6.00	6.00	6.00
Total investments carried at fair value (C)	850.85	802.06	842.42
Total investments (A) + (B) + (C)	11,461.95	8,165.99	8,734.81
Aggregate provision for diminution in value of investments	-	-	-
Aggregate amount of quoted investments	2,945.07	3,022.48	2,879.29
Aggregate amount of unquoted investments	8,516.88	5,143.51	5,855.52

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

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

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

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Axis mutual fund	475.35	437.05	471.15
IDFC mutual fund	369.50	359.01	365.27
	844.85	796.06	836.42

6. Non-current financial assets : Loans

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Carried at amortised cost			
Loan to related parties			
- Persistent Systems Germany GmbH	396.91	-	420.67
Add: Interest accrued but not due on loan	6.92	-	1.01
	403.83	-	421.68
Other loans and advances			
Unsecured, considered good			
Loan to ESOP trust	3,350.00	1,880.00	3,522.00
	3,350.00	1,880.00	3,522.00
Unsecured, credit impaired			
Inter-corporate deposit	0.58	0.58	0.58
Less: Impairment	(0.58)	(0.58)	(0.58)
	-	-	-
	3,753.83	1,880.00	3,943.68

7. Other non-current financial assets

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Considered good			
Carried at amortised cost			
Deposits with Bank (refer note 13)*	28.89	41.26	3.19
Add: Interest accrued but not due on deposits with Bank (refer note 13)	0.30	0.09	0.17
	29.19	41.35	3.36
Deposit with financial institutions	300.00	-	100.00
Add: Interest accrued but not due on deposit with financial institutions	6.02	-	0.41
	306.02	-	100.41
Security deposits	235.75	107.70	122.91
Considered good (A)	570.96	149.05	226.68
Credit impaired			
Deposit with financial institutions	430.00	430.00	430.00
Add: Interest accrued but not due on deposit with financial institutions	0.98	0.98	0.98
Less: Credit impaired	(430.98)	(430.98)	(430.98)
Credit impaired (B)	-	-	-
Investment in Persistent Systems Inc. (shares pending allotment)	-	2,969.60	-
Total (A+B)	570.96	3,118.65	226.68

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

8. Deferred tax assets (net)

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Deferred tax liabilities			
Differences in book values and tax base values of block of property, plant and equipment and other intangible assets	73.21	118.41	87.05
Capital gains (net)	33.91	37.93	51.11
Cash flow hedges	-	-	14.06
	107.12	156.34	152.22
Deferred tax assets			
Provision for leave encashment	133.76	101.60	125.68
Provision for long service awards	91.53	68.85	67.97
Allowance for expected credit loss	23.93	27.65	21.19
Tax credit	56.59	56.61	56.61
Right of use asset and lease liability	37.07	29.18	30.21
Cash flow hedges	102.43	-	-
Others	117.28	94.92	117.28
	562.59	378.81	418.94
Deferred tax assets (net)	455.47	222.47	266.72

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

9. Other non-current assets

	As at September 30, 2022	As at September 30, 2021	As at March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million
Capital advances (unsecured, considered good)	674.20	1,023.36	136.52
Prepayments	281.67	98.06	124.91
Balances with government authorities (refer note 32 (a))	296.55	296.55	296.55
	1,252.42	1,417.97	557.98

10. Current financial assets : Investments

	As at September 30, 2022	As at September 30, 2021	As at March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million
Designated as fair value through profit and loss			
- Unquoted investments			
Investments in mutual funds			
Fair value of current mutual funds (refer note '10(a)' below)	2,086.50	3,144.87	4,346.91
Total carrying amount of investments	2,086.50	3,144.87	4,346.91
Aggregate amount of quoted investments	-	-	-
Aggregate amount of unquoted investments	2,086.50	3,144.87	4,346.91

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

	As at September 30, 2022	As at September 30, 2021	As at March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million
Aditya Birla Sun Life Mutual Fund	795.61	866.55	883.65
Axis Mutual Fund	654.78	346.21	672.70
UTI Mutual Fund	431.08	144.65	337.68
IDFC Mutual Fund	194.59	345.98	457.54
DSP Mutual Fund	10.44	50.22	443.20
HDFC Mutual Fund	-	119.99	-
L&T Mutual Fund	-	40.00	-
Kotak Mutual Fund	-	453.70	521.63
ICICI Prudential Mutual Fund	-	276.40	399.94
SBI Mutual Fund	-	191.27	120.01
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	-	50.07	472.88
Sundaram mutual fund	-	57.98	37.68
Tata Mutual Fund	-	201.85	-
	2,086.50	3,144.87	4,346.91

(This space is intentionally left blank)

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

11. Trade receivables

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Unsecured, considered good	7,061.01	3,383.92	4,426.84
Unsecured, credit impaired	95.08	109.87	84.21
	7,156.09	3,493.79	4,511.05
Less : Allowance for expected credit loss	(95.08)	(109.87)	(84.21)
	7,061.01	3,383.92	4,426.84
	7,061.01	3,383.92	4,426.84

12. Cash and cash equivalents

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Cash and cash equivalents as presented in cash flow statement			
Cash on hand	0.10	0.07	0.09
Balances with banks			
On current accounts#	729.74	271.62	302.74
On saving accounts	31.74	8.46	1.64
On exchange earner's foreign currency accounts	456.69	358.60	259.20
	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.

13. Bank balances other than cash and cash equivalents

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Deposits with banks*	4,316.24	6,207.97	5,858.66
Add: Interest accrued but not due on deposits with banks	70.91	138.87	179.78
Deposits with banks (carried at amortised cost)	4,387.15	6,346.84	6,038.44
Less: Deposit with maturity more than twelve months from the balance sheet date disclosed under non-current financial assets (refer note 7)	(28.89)	(41.26)	(3.19)
Less: Interest accrued but not due on non-current deposits with banks (refer note 7)	(0.30)	(0.09)	(0.17)
	4,357.96	6,305.49	6,035.08
Balances with banks on unpaid dividend accounts**	2.83	2.89	2.94
	4,360.79	6,308.38	6,038.02

* Out of the balance, fixed deposits of ₹ 624.57 million (Corresponding period: ₹ 644.49 million/ Previous year : ₹ 644.36 million) have been earmarked against credit facilities and bank guarantees availed by the Company.

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

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

14. Current financial assets : Loans

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

Klisma e-Services Private Limited ('Klisma'), an Associate Company of the Company has been dissolved w.e.f. August 10, 2021 vide dissolution order passed by the Hon'ble National Company Law Tribunal, Mumbai Bench. Consequently the balances of ₹ 27.43 million were written off.

15. Other current financial assets

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Derivative instruments at fair value through OCI			
Cash flow hedges			
Foreign exchange forward contracts	-	139.04	84.59
Carried at amortised cost			
Advances to related parties (Unsecured, considered good)			
Persistent Systems, Inc.	5.35	-	69.15
Persistent Systems France SAS	0.68	0.50	5.49
Persistent Telecom Solutions Inc.	0.14	0.12	0.13
Persistent Systems Malaysia Sdn. Bhd.	0.07	0.07	0.07
Persistent Systems Lanka (Private) Limited	0.20	0.15	0.72
Aepona Limited	6.28	3.86	1.16
Aepona Group Limited	0.04	0.04	0.08
PARX Consulting GmbH	0.06	0.06	0.06
Software Corporation LLC.	-	-	0.25
Youperience Limited	0.04	0.04	0.04
Persistent Systems Mexico, S.A. de C.V	0.82	0.08	10.01
Youperience GmbH	0.04	0.04	0.04
Persistent Systems Pte, Ltd.	0.39	0.10	0.29
Persistent Systems Germany GmbH	0.50	0.01	1.48
Persistent Systems Switzerland AG (Formerly known as PARX Werk AG)	0.09	0.09	1.88
Persistent Systems Israel Ltd.	-	-	0.14
	14.70	5.16	90.99
Unbilled revenue	3,417.42	2,595.72	3,533.05
Security deposits	0.10	6.00	0.10
Other receivables (Unsecured, considered good)	16.10	16.09	16.10
	3,448.32	2,762.01	3,724.83

16. Other current assets

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Advances to suppliers (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	365.38	98.24	277.27
Prepayments	797.65	481.45	498.68
Excess fund balance with Life Insurance Corporation of India	98.95	1.82	42.19
Other advances (Unsecured, considered good)			
VAT receivable (net)	25.39	28.40	19.67
Service Tax and GST receivable (net) (refer note 32(a))	704.33	925.44	533.45
	729.72	953.84	553.12
	1,991.70	1,535.35	1,371.26

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

17. Share Capital

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

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

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

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

b) Terms / rights attached to equity shares

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

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

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

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

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

Name of the shareholder*	As at September 30, 2022		As at September 30, 2021		As at March 31, 2022	
	No. in million	% Holding	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande and Mrs. Sonali Anand Deshpande	22.97	30.06	22.96	30.04	22.97	30.06
Schemes of Kotak Equity Fund	3.82	5.00	3.35	4.38	3.69	4.82
Schemes of HDFC Mutual Fund	2.47	3.23	4.42	5.78	3.45	4.51

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

(This space is intentionally left blank)

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

18. Non-current financial liabilities : Borrowings

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Unsecured borrowings carried at amortised cost			
Term loans			
Indian rupee loan from others	3,69	5,54	5,55
Interest accrued but not due on term loans	-	-	0,08
	3,69	5,54	5,63
Less: Current maturity of long-term borrowings	(1,85)	(1,85)	(1,85)
Less: Current maturity of interest accrued but not due on term loan	-	-	(0,08)
	(1,85)	(1,85)	(1,93)
	1,84	3,69	3,70

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

Loan amounting to ₹ 3,69 million (Corresponding period ₹ 5,54 million / Previous year ₹ 5,55 million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from October 2015.

19. Lease liabilities

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Lease liabilities	1,541,80	631,70	758,26
Less: Current portion of lease liabilities	(422,82)	(112,83)	(146,51)
	1,118,98	518,87	611,75

Movement of lease liabilities

	For the half year ended September 30, 2022 In ₹ Million	For the half year ended September 30, 2021 In ₹ Million	For the year ended March 31, 2022 In ₹ Million
Opening balance	758,26	378,54	378,54
Additions	869,98	302,65	495,78
Deletions	-	-	(10,98)
Add: Interest recognised during the period / year	47,21	35,64	68,59
Less: Payments made during the period / year	(133,65)	(85,13)	(173,67)
Closing balance	1,541,80	631,70	758,26

(This space is intentionally left blank)

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

20. Non current liabilities : Provisions

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Provision for employee benefits			
- Long service awards	329.11	252.59	245.54
	329.11	252.59	245.54

21. Trade payables

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Trade payables for goods and services*			
-total outstanding dues of micro enterprises and small enterprises	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
	1,086.41	902.14	854.98

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

22. Other current financial liabilities

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Capital creditors	168.91	28.72	204.49
Accrued employee liabilities	84.65	119.88	119.21
Unpaid dividend *	2.83	2.89	2.94
Other liabilities	3.15	8.41	8.41
Payable to selling shareholders	47.93	-	47.93

Derivative instruments at fair value through OCI**Cash flow hedges**

Foreign exchange forward contracts	512.24	-	-
Advance from related parties (Unsecured, considered good)			
Persistent Systems, Inc.	-	5.08	-
Persistent Systems Israel Ltd.	1.14	1.14	-
	1.14	6.22	-
	820.85	166.12	382.98

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

23. Other current liabilities

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Unearned revenue	298.77	231.77	258.31
Advance from customers	1,078.67	1,170.12	786.98
Other payables			
- Statutory liabilities	663.21	382.58	413.55
- Other liabilities*	63.07	177.22	50.20
	2,103.72	1,961.69	1,509.04

*Includes balance of ₹ 37.30 million (Corresponding period : ₹ 170.21 million, Previous year: ₹ 35.64 million) to be utilised against certain predefined activities specified in the agreement.

24. Current liabilities : Provisions

	As at September 30, 2022 In ₹ Million	As at September 30, 2021 In ₹ Million	As at March 31, 2022 In ₹ Million
Provision for employee benefits			
- Leave encashment	531.48	403.68	499.37
- Long service awards	34.57	20.97	24.54
- Other employee benefits	1,260.72	743.37	1,745.82
	1,826.77	1,168.02	2,269.73

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

25. Revenue from operations (net)

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Software services	12,106.91	8,389.11	23,028.07	15,954.07	35,406.71
Software licenses	140.75	80.74	240.35	164.12	348.09
	12,247.66	8,469.85	23,268.42	16,118.19	35,754.80

26. Other income

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Interest income					
On deposits carried at amortised cost	56.44	76.93	123.58	148.64	311.08
On Loan given to ESOP Trust	50.01	-	100.69	-	91.89
On others	51.08	56.61	100.48	102.59	190.61
Dividend income from investments*	-	-	-	-	53.16
Other non-operating income					
Foreign exchange (loss) / gain (net)	(95.06)	9.22	(63.34)	91.43	208.93
Profit on sale of property, plant and equipment (net)	1.03	4.69	1.16	4.72	12.31
Net profit on sale/ fair valuation of financial assets designated as FVTPL	31.49	109.51	51.41	218.20	338.78
Excess provision in respect of earlier periods/ years written back	-	-	0.95	-	15.53
Miscellaneous income	12.17	24.69	30.00	60.75	102.28
	107.16	281.65	344.93	626.33	1,324.57

*includes dividend received from investment in wholly owned subsidiaries.

27. Personnel expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
27.1 Employee benefits expense					
Salaries, wages and bonus	6,952.33	4,638.98	13,152.17	8,628.67	19,766.82
Contribution to provident and other funds	362.46	250.18	700.99	477.01	1,016.64
Staff welfare and benefits	147.59	73.39	298.47	168.34	359.74
Share based payments to employees	296.21	147.27	562.24	277.34	739.52
	7,758.59	5,109.82	14,713.87	9,551.36	21,882.72
27.2 Cost of professionals					
- Related parties	372.62	209.24	606.81	356.03	649.60
- Others	229.12	263.43	422.64	453.89	812.31
	601.74	472.67	1,029.45	809.92	1,461.91
	8,360.33	5,582.49	15,743.32	10,361.28	23,344.63

(This space is intentionally left blank)

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

28. Other expenses*

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	113.90	34.95	264.52	75.80	151.53
Electricity expenses (net)	26.68	17.77	46.51	29.25	63.74
Internet link expenses	(2.86)	11.59	25.55	25.16	46.09
Communication expenses	13.73	14.37	33.35	28.40	60.91
Recruitment expenses	64.68	98.01	157.24	153.44	348.05
Training and seminars	30.19	16.91	62.92	28.10	99.17
Purchase of software licenses and support expenses	433.81	204.82	809.18	481.53	1,066.00
Bad debts	-	-	-	-	12.12
Reversal of allowance for expected credit loss (net)	15.90	1.62	11.61	(4.75)	(29.97)
Rent	33.71	19.19	51.40	34.82	73.22
Insurance	7.40	8.90	16.36	19.56	36.29
Rates and taxes	13.36	10.22	22.52	17.63	51.14
Legal and professional fees	65.73	66.70	152.11	123.62	238.09
Repairs and maintenance					
- Plant and Machinery	22.01	26.27	50.03	49.21	120.72
- Buildings	11.03	5.15	19.21	9.75	19.85
- Others	5.13	4.44	10.33	9.84	20.43
Selling and marketing expenses	346.53	270.93	656.94	476.15	1,028.63
Fees for sales enablement services		-			
Advertisement, conference and sponsorship fees	5.49	0.47	6.70	1.46	4.23
Computer consumables	4.02	0.84	4.25	2.38	5.39
Auditors' remuneration	1.25	1.16	2.80	2.21	8.92
Corporate social responsibility expenditure	35.00	20.00	50.00	55.00	115.53
Books, memberships, subscriptions	(0.84)	8.04	1.27	9.64	15.76
Directors' sitting fees	1.47	1.77	4.15	4.05	7.43
Directors' commission	7.56	4.38	15.22	11.44	20.83
Loss on receivables and investment in associate	-	28.29	-	28.29	28.29
Reversal of provision for receivables and investment in associate	-	(28.29)	-	(28.29)	(28.29)
Miscellaneous expenses	45.47	26.63	86.37	54.59	123.68
	1,300.35	875.13	2,560.54	1,698.28	3,707.78

* Includes expenses incurred with related parties

(This space is intentionally left blank)

Persistent Systems Limited

Notes forming part of Condensed Interim Financial Statements

29. Earnings per share

		For the quarter ended		For the half year ended		For the year ended
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
<u>Numerator for Basic and Diluted EPS</u>						
Net profit after tax (In ₹ Million)	(A)	1,751.05	1,523.95	3,499.84	3,184.90	6,858.66
<u>Denominator for Basic EPS</u>						
Weighted average number of equity shares	(B)	76,425,000	76,425,000	76,425,000	76,425,000	76,425,000
<u>Denominator for Diluted EPS</u>						
Number of equity shares	(C)	76,425,000	76,425,000	76,425,000	76,425,000	76,425,000
Basic earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	22.91	19.94	45.79	41.67	89.74
Diluted earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	22.91	19.94	45.79	41.67	89.74
		For the quarter ended		For the half year ended		For the year ended
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
Number of shares considered as basic weighted average shares outstanding		76,425,000	76,425,000	76,425,000	76,425,000	76,425,000
Add: Effect of dilutive issues of stock options		-	-	-	-	-
Number of shares considered as weighted average shares and potential shares outstanding		76,425,000	76,425,000	76,425,000	76,425,000	76,425,000

(This space is intentionally left blank)

30. Financial assets and liabilities

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

Financial assets/ Financial liabilities	September 30, 2022				September 30, 2021		In ₹ Million Fair value hierarchy*
	FVTPL	FVTOCI	Amortised Cost	Cost	FVTPL	FVTOCI	
Financial Assets:							
Investments in subsidiaries and associates	-	-	-	7,666.03	-	-	Level 3
Investments in equity instruments	6.00	-	2,945.07	-	6.00	-	-
Investments in bonds	-	-	-	-	-	3,022.48	Level 1
Investments in mutual funds	2,931.36	-	3,753.83	-	3,940.93	-	-
Loans	-	-	4,693.17	-	-	1,880.00	-
Deposit with banks and financial institutions (including interest accrued but not due on deposits with banks)	-	-	-	-	-	6,346.84	-
Cash and cash equivalents (including unpaid dividend)	-	-	1,221.10	-	-	-	-
Trade receivables (net)	-	-	7,061.01	-	-	641.64	-
Forward contracts receivable	-	-	-	-	-	3,383.92	-
Unbilled revenue	-	-	3,417.42	-	-	2,595.72	Level 2
Other non current financial assets	-	-	235.75	-	-	107.70	-
Other non-current financial assets (share application money paid)	-	-	-	-	-	-	-
Total Financial Assets	2,937.36	-	23,358.25	7,666.03	3,946.93	139.04	18,005.55
Financial Liabilities:							
Borrowings (including accrued interest)	-	-	3.69	-	-	-	5.54
Trade payables	-	-	1,086.41	-	-	-	982.14
Lease liabilities	-	-	1,341.80	-	-	-	631.70
Forward contracts payable	-	512.24	-	-	-	-	-
Other financial liabilities (excluding borrowings)	-	-	308.61	-	-	-	186.12
Total Financial Liabilities	-	512.24	2,940.51	-	-	-	1,705.50

Financial assets/ Financial liabilities	March 31, 2022				September 30, 2021		In ₹ Million Fair value hierarchy*
	FVTPL	FVTOCI	Amortised Cost	Cost	FVTPL	FVTOCI	
Financial Assets:							
Investments in subsidiaries and associates	-	-	-	5,013.10	-	-	Level 3
Investments in equity instruments	6.00	-	2,878.29	-	-	-	-
Investments in bonds	-	-	-	-	-	-	Level 1
Investments in mutual funds	5,183.33	-	3,943.68	-	-	-	-
Loans	-	-	6,138.85	-	-	-	-
Deposit with banks and financial institutions (including interest accrued but not due on deposits with banks)	-	-	566.61	-	-	-	-
Cash and cash equivalents (including unpaid dividend)	-	-	4,426.84	-	-	-	-
Trade receivables (net)	-	84.59	-	-	-	-	Level 2
Forward contracts receivable	-	-	3,533.05	-	-	-	-
Share application money pending allotment	-	-	122.91	-	-	-	-
Unbilled revenue	-	-	107.19	-	-	-	-
Other non current financial assets	-	-	-	-	-	-	-
Other current financial assets	-	-	-	-	-	-	-
Total Financial Assets	5,189.33	84.59	21,718.42	5,013.10	-	-	-
Financial Liabilities:							
Borrowings (including accrued interest)	-	-	5.63	-	-	-	-
Trade payables	-	-	854.98	-	-	-	-
Lease liabilities	-	-	758.26	-	-	-	-
Other financial liabilities (excluding borrowings)	-	-	382.98	-	-	-	-
Total Financial Liabilities	-	-	2,001.85	-	-	-	-

***Fair value hierarchy:**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

Persistent Systems Limited**Notes forming part of Condensed Interim Financial Statements****31. Related Party Transactions**

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

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

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

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

32. Contingent liabilities

Sr. No	Particulars	In ₹ Million		
		As at September 30, 2022	September 30, 2021	March 31, 2022
a)	Claims against the company not acknowledged as debt*			
1	Indirect tax matters			
	(i) In respect to the order passed by the Learned Principal Commissioner of Service Tax, Pune, for Service tax under import of services on reverse charge basis for the Financial Year 2014-15, the Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017. The Company has paid ₹ 165.58 million under protest towards the demand and the same forms part of the GST receivable balance. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Company will be eligible to claim credit/refund for the amount paid.	173.78	173.78	173.78
	(ii) In respect of export incentives pertaining to previous periods amounting to ₹ 255.52 million, which have been refunded under protest with interest of ₹ 41.03 million, the Company has filed an application with Directorate General of Foreign Trade (DGFT). Based on the documents filed with relevant authorities and based on the consultations with subject matter specialists, the Company believes that its position is most likely be upheld on ultimate resolution.	296.55	296.55	296.55
	(iii) Other Pending litigations in respect of Indirect taxes.	7.85	28.13	13.53
2	Income tax demands disputed in appellate proceedings.	1,023.34	463.61	855.02
b)	Guarantees and Letter of Comfort on behalf of Subsidiaries			
1	Guarantees given on behalf of subsidiaries	827.33	1,127.59	770.78
2	Letters of comfort on behalf of subsidiary (USD 65 Million (Corresponding period: Nil, Previous year : USD 60 Million))	5,287.75	-	4,547.40

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

(This space is intentionally left blank)

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

- 33 During the year ended March 31, 2022, the Company had acquired businesses from Data Glove IT Solutions Private Limited. The acquisition of the said business was accounted for using the acquisition method of accounting under Ind AS 103. The Company is in the process of performing the complete exercise of purchase price allocation of assets and liabilities assumed as at the reporting date. The Company has exercised the option available under Ind AS 103, which provides the Company a period of twelve months from the acquisition date for completing the accounting of purchase price allocation on provisional basis.
- 34 During the previous year ended March 31, 2022, the Company had entered into an agreement effecting business acquisition of Shree Infosoft Private Limited, India on November 18, 2021. The acquisition was accounted for using the acquisition method of accounting on provisional basis availing the exemption under Ind AS 103. During the period, the purchase price allocation was completed and the purchase is allocated to assets acquired and liabilities assumed based on fair values at the date of acquisition as follows:
The fair value amount of consideration paid is ₹ 108,71 million.
Purchase Price Allocation:
- | Particulars | In ₹ Million |
|-------------------------------|--------------|
| Purchase consideration | 108.71 |
| Allocated to: | |
| Property, plant and equipment | 1.97 |
| Acquired Contractual Rights | 52.35 |
| Goodwill | 54.39 |
- 35 The Company has deposits of ₹ 430 million with the financial institutions viz. Infrastructure Leasing & Financial Services Ltd. (IL&FS) and IL&FS Financial Services Ltd. (referred to as "IL&FS Group") as on the balance sheet date. These were due for maturity from January 2019 to June 2019. In view of the uncertainty prevailing with respect to recovery of outstanding balances from IL&FS Group, Management of the Company has fully provided for these deposits along with interest accrued thereon till the date the deposits had become doubtful of recovery. The Management is hopeful of recovery though with a time lag. The Company continues to monitor developments in the matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposits.
- 36 The Company has recognized notional interest on lease liability of ₹ 47.21 million (Corresponding period: ₹ 35.64 million/ Previous year: ₹ 68.59 million) under finance cost as required by Ind AS 116: Leases.
- 37 The condensed interim financial statements are presented in ₹ Million and decimal thereof except for per share information or as otherwise stated.
- 38 Previous period's / year's figures have been regrouped where necessary to conform with the current year's classification.

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

**SHASHI
TADWALKAR**Digitally signed by SHASHI
TADWALKAR
Date: 2022.10.19 18:24:53
+05'30'



Shashi Tadwalkar

Partner

Membership No.: 101797

For and on behalf of the Board of Directors of

Persistent Systems Limited


Sandeep Kalra (Oct 19, 2022 17:01 GMT+5.5)**Dr. Anand Deshpande**
Chairman and Managing
Director
DIN: 00005721Place: Pune
Date : October 19, 2022**Sandeep Kalra**
Executive Director and
Chief Executive Officer
DIN: 02506494Place: Pune
Date : October 19, 2022
Praveen
Purushottam
Kadle
Digitally signed by
Praveen Purushottam
Kadle
Date: 2022.10.19 17:13:22
+05'30'**Praveen Kadle**
Independent Director
DIN: 00016814Place: Pune
Date : October 19, 2022

Sunil Sapre (Oct 19, 2022 16:07 GMT+5.5)


Amit Atre (Oct 19, 2022 15:57 GMT+5.5)**Sunil Sapre**
Executive Director and
Chief Financial Officer
DIN: 06475949Place: Pune
Date : October 19, 2022**Amit Atre**
Company Secretary
Membership No. A20507Place: Pune
Date : October 19, 2022Place: Pune
Date : October 19, 2022