Persistent Systems Germany GmbH

BALANCE SHEET AS AT MARCH 31, 2021

	Note	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
ASSETS			
Non-current assets			
Property, Plant and Equipment	5.1	137.74	354.20
		137.74	**354.20**
Financial Assets			
-Investments	6	1,054,425.64	1,023,598.58
-Loans	7	60,507.37	79,066.75
Deferred tax assets (net)	8	-	-
		1,115,070.75	**1,103,019.53**
Current assets			
Financial assets			
-Trade receivables	9	28,365.94	14,040.65
-Cash and cash equivalents	10	26,879.85	62,298.88
-Other financial assets	11	206,041.63	34,221.00
Other current assets	12	6,478.44	2,184.21
		267,765.86	**112,744.74**
TOTAL		**1,382,836.61**	**1,215,764.28**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4	959,816.19	959,816.19
Other equity		246,673.04	208,974.33
		1,206,489.23	**1,168,790.52**
Non- current liabilities			
Financial liability			
- Borrowings	13	142,253.17	-
		142,253.17	**-**
Current Liabilities			
Financial liabilities			
-Trade payables	14	28,113.88	39,843.68
-Other financial liabilities	15	2,127.39	1,012.67
Other current liabilities	16	1,477.87	3,234.90
Provisions	17	2,375.07	2,882.50
		34,094.21	**46,973.75**
TOTAL		**1,382,836.61**	**1,215,764.27**
Summary of significant accounting policies	3		

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For Joshi Apte & Co. **Firm registration no. 104370W** **Chartered Accountants**	**For and on behalf of the Board of Directors of** **Persistent Systems Germany GmbH**	
per C. K. Joshi Partner Membership No. 030428	Arnaud Pierrel Director	Sunil Sapre Director
Place: Pune Date : April 26, 2021	Place: Grenoble Date : April 26, 2021	Place: Pune Date : April 26, 2021

Persistent Systems Germany GmbH

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

	Note	For year ended March 31, 2021 (In ₹'000)	For year ended March 31, 2020 (In ₹'000)
Income			
Revenue from operations (net)	18	179,293.17	84,054.41
Other income	19	6,159.07	1,578.48
Total income (A)		**185,452.24**	**85,632.89**
Expenses			
Employee benefits expense	20.1	44,096.75	44,411.79
Cost of technical professionals	20.2	45,256.29	33,249.23
Finance costs		1,466.66	88.32
Depreciation and amortization expense	5.2	232.36	167.35
Other expenses	21	99,421.96	37,942.85
Total expenses (B)		**190,474.02**	**115,859.54**
Profit/(Loss) before tax (A - B)		**(5,021.78)**	**(30,226.65)**
Tax expense			
Current tax		-	-
Deferred tax Charge/(Credit)		-	25,639.81
Total tax expense		**-**	**25,639.81**
Profit/(Loss) for the year (C)		**(5,021.78)**	**(55,866.46)**
Other comprehensive income			
Items that will not be reclassified to profit or loss (D)		-	-
		-	**-**
Items that will be reclassified to profit or loss (E)			
- Exchange differences in translating the financial statements of foreign operations		42,720.49	64,945.25
		42,720.49	**64,945.25**
Total comprehensive income for the year (C) + (D) + (E)		**37,698.71**	**9,078.79**
Earnings per equity share [nominal value of Share EUR 1]			
Basic (In ₹)	22	(0.53)	(4.79)
Diluted (In ₹)		(0.53)	(5.01)
Summary of significant accounting policies	3		

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For Joshi Apte & Co.
Firm registration no. 104370W
Chartered Accountants

For and on behalf of the Board of Directors of
Persistent Systems Germany GmbH

per C. K. Joshi
Partner
Membership No. 030428

Arnaud Pierrel
Director

Sunil Sapre
Director

Place: Pune
Date : April 26, 2021

Place: Grenoble
Date : April 26, 2021

Place: Pune
Date : April 26, 2021

Persistent Systems Germany GmbH

CASH FLOW STATEMENT FOR YEAR ENDED MARCH 31, 2021

		For year ended	
		March 31, 2021 (In ₹'000)	**March 31, 2020 (In ₹'000)**
Cash flow from operating activities			
Profit before tax		**(5,021.78)**	**(30,226.65)**
Adjustments for:			
Interest income		(1,223.86)	(636.99)
Depreciation and amortization expense		232.36	167.35
Unrealised exchange loss/ (gain) (net)		(31,156.11)	(39,735.51)
Currency translation reserve		42,720.49	64,945.25
Excess provision written back		(4,935.21)	-
Sundry balances written off		135.55	
Finance cost		1,466.66	88.32
Operating profit before working capital changes		**2,218.10**	**(5,398.23)**
Movements in working capital :			
Increase in trade receivables		(14,325.29)	11,439.21
(Increase) / Decrease in loans and advances		(176,672.20)	2,702.79
Increase in trade payables and current liabilities		(9,059.05)	28,568.47
Operating profit after working capital changes		**(197,838.44)**	**37,312.24**
Direct taxes paid (net of refunds)		-	-
Net cash generated from/ used in operating activities	**(A)**	**(197,838.44)**	**37,312.24**
Cash flows from investing activities			
Investment in subsidiary		-	(389,106.71)
Intercompany deposit refunded		18,529.00	
Loan to related party		-	(78,836.30)
Amount paid to selling shareholders		-	-
Interest received on ICD		1,637.24	
Payment towards capital expenditure		-	(212.05)
Net cash (used in) investing activities	**(B)**	**20,166.24**	**(468,155.06)**
Cash flows from financing activities			
Share application money pending allotment		-	474,000.00
Intercompany deposit received		142,253.17	-
Interest repayment on loan		-	(88.32)
Net cash generated/ used in financing activities	**(C)**	**142,253.17**	**473,911.68**

	As at March 31, 2021 (In ₹'000)	**As at March 31, 2020 (In ₹'000)**
Net increase in cash and cash equivalents (A + B + C)	(35,419.03)	43,068.86
Cash and cash equivalents at the beginning of the year	62,298.88	19,230.02
Effect of exchange difference on translation of foreign currency cash and cash equivalents	-	-
Cash and cash equivalents at the end of the year	**26,879.85**	**62,298.88**
Components of cash and cash equivalents		
Current account	26,879.85	62,298.88
Cash and cash equivalents as per note 10	**26,879.85**	**62,298.88**

Summary of significant accounting policies - Refer note 3

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For Joshi Apte & Co.
Firm registration no. 104370W
Chartered Accountants

For and on behalf of the Board of Directors of
Persistent Systems Germany GmbH

per C. K. Joshi
Partner
Membership No. 030428
Place: Pune
Date : April 26, 2021

Arnaud Pierrel
Director
Place: Grenoble
Date : April 26, 2021

Sunil Sapre
Director
Place: Pune
Date : April 26, 2021

Persistent Systems Germany GmbH

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED MARCH 31, 2020

A. Equity share capital (Refer note 4)

(In ₹'000)

Balance as at April 1, 2020	Changes in equity share capital during the year	Balance as at March 31, 2021
959,816.19	-	959,816.19
959,816.19	**-**	**959,816.19**

(In ₹'000)

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31,2020
713,011.05	246,805.14	959,816.19
713,011.05	**246,805.14**	**959,816.19**

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Persistent Systems Germany GmbH

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

B. Other equity

(In ₹'000)

Particulars		Reserves and surplus		Items of other comprehensive income	
	Share Application Money Pending allotment	Securities Premium	Retained earnings	Exchange differences on translating the financial statements of foreign operations	Total
Balance as at April 01, 2020	-	306,098.16	(109,051.71)	11,927.88	208,974.33
Net profit for the year	-	-	(5,021.78)	-	(5,021.78)
Other comprehensive income for the year	-	-	-	42,720.49	42,720.49
Balance at March 31, 2021	**-**	**306,098.16**	**(114,073.49)**	**54,648.37**	**246,673.04**

(In ₹'000)

Particulars		Reserves and surplus		Items of other comprehensive income	
	Share Application Money Pending allotment	Securities Premium	Retained earnings	Exchange differences on translating the financial statements of foreign operations	Total
Balance as at April 01, 2019	78,720.00	183.30	(53,185.25)	(53,017.37)	(27,299.32)
Addition during the year	474,000.00	305,914.86	-	-	779,914.86
Net profit for the year	-	-	(55,866.46)	-	(55,866.46)
Other comprehensive income for the year	(552,720.00)	-	-	64,945.25	(487,774.75)
Balance at March 31, 2020	**-**	**306,098.16**	**(109,051.71)**	**11,927.88**	**208,974.33**

Nature and purpose of reserves

a) Foreign currency translation reserve

The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognised in other comprehensive income and is presented under equity in the foreign currency translation reserve.

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For Joshi Apte & Co.
Firm registration no. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership No. 030428

Place: Pune
Date : April 26, 2021

For and on behalf of the Board of Directors of
Persistent Systems Germany GmbH

Arnaud Pierrel
Director

Place: Grenoble
Date : April 26, 2021

Sunil Sapre
Director

Place: Pune
Date : April 26, 2021

Notes forming part of financial statements

1. Nature of operations

Persistent Systems Germany (The Company) incorporated on December 19, 2016 is a wholly owned subsidiary of Persistent Systems Ltd. The Company is specializing in software development.

2. Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention. The accounting policies are consistently applied by the Company during the year and are consistent with those used in previous year except for the changes in accounting policies required to be made on adoption of Indian Accounting Standards notified under the Companies Act, 2013.

Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016.

3. Summary of significant accounting policies

(a) Accounting year

The accounting year of the Company is from April 01 to March 31. These financial statements have been prepared only for the purpose of consolidation.

(b) Functional currency

The Company's functional currency is EUR.

(c) Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Critical accounting estimates

i. Revenue Recognition

The Company uses the percentage-of-completion method in accounting for its 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 royalty 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 royalty on the basis of historical trends of customer revenue.

ii. 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.

iii. Income Taxes

The Company's tax jurisdictions is Germany. Significant judgements are involved in determining the provision for income taxes

iv. Provisions

Provisions are determined based on the best estimate 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.

v. Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

Estimation of uncertainties relating to the global health pandemic, COVID-19:
The Company has evaluated the likely impact of COVID–19 on the overall business of the Company. The Company as at the date of the approval of these financials, has used various available sources of information to analyse the carrying amount of its financial assets and exposures. The impact of COVID-19 on the Company's financial statements may differ from the estimate as on the date of the approval of the financial statements.

Expected credit loss:
The Company has considered the current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic, COVID -19 using the forward looking approach prescribed by Ind AS 109.

Impact on hedged and unhedged foreign currency exposure:
Based on its assessment, the Company believes that the probability of occurrence of its forecasted transactions are not likely to be impacted by COVID – 19. Hence, the Company continues to believe that there is no foreseeable impact on the effectiveness of its cash flow hedges due to this global pandemic.

Carrying value of financial instruments:
Investments in mutual funds are classified as "Level 1" having fair value marked to an active market which factors in the uncertainties arising out of COVID – 19. These financial assets are mainly investments in liquid securities and no material permanent decline in their carrying value are expected.

Impact on revenue:
The Company continues to re-evaluate the probable revenues from customers in various verticals to assess any possible drops in revenue from any of these verticals due to the economic stress caused by COVID – 19. Accordingly, it is the opinion of the Company that the customers could re-prioritise their discretionary spend in the immediate future to conserve resources.
The impact assessment of COVID – 19 is a continuing process given the uncertainties associated with its nature and duration. The Company has considered the same to the extent known currently and has taken steps to measure the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays and costs in meeting its obligations.

(d) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value 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 year 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.

(e) Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. 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.

(f) 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
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years

*For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Individual assets whose cost does not exceed ` 5,000 are fully depreciated in the year of acquisition.

Intangible assets are amortized on a straight line basis over their estimated useful lives commencing from the day the asset is made available for use.

(g) Impairment of Property, Plant and Equipment and other intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell 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

i) Financial assets

Initial recognition and measurement

Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified as:

- **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 instruments at amortized cost or as FVTOCI, is classified as financial instrument at FVTPL. Financial instruments included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For the purpose of subsequent measurement, financial liabilities are classified as:

- **Financial liabilities at amortized cost**

  Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance costs in the statement of profit and loss.

- **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 as 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 at FVTPL.

iii) Impairment

i) 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.

ii) Non-financial assets

The carrying amounts of Property, Plant and Equipment and Goodwill are reviewed at each balance sheet date or whenever 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. An impairment loss is recognised in the statement of profit and loss.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial year end even if there is no indication that the asset is impaired.
An impairment loss is recognized wherever the carrying amount of an asset exceeds 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.

(i) Borrowing costs

Borrowing cost includes interest, 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 year they occur.

Amendment to Ind AS 23 Borrowing costs: The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact related to this amendment.

(j) Leases

Where the Company is a lessee

Leases that transfers substantially all the risks and rewards incidental to ownership to the Company are classified as finance leases.

Finance leases are capitalized at the lower of the inception date fair value of the leased assets and the present value of the minimum lease payments.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Operating lease payments are recognized as an expense in the statement of profit and loss as per the terms of the lease agreements.

Ind AS 116 Leases: 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, 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. The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss. 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 accrual basis..

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Company. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Income from software services

Effective April 1, 2018, the Company adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the previous period’s/ year’s amounts have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 was insignificant.

The company derives revenues primarily from IT services comprising of software development and related services and from the licensing of software products.
Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.
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.
The company has applied the principles under Ind AS 115 to account for revenues from these performance obligations.

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 royalty is recognized in accordance with the terms of the relevant agreements.

The company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the proportionate allocation of the discounts amount to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

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 Value added taxes (VAT) on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head ‘Other income’ in the statement of profit and loss.

(iii) Dividend

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

(iv) Foreign currency translation

(i) 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 reported 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 year in which they arise.

Forward exchange contracts not intended for trading or speculation purposes, classified as derivative financial instruments

As per the accounting principles laid down in Ind AS 109 – "Financial Instruments" relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss / (gain) is debited / (credited) to the hedge reserve under other comprehensive income and the ineffective portion is recognized to the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized in hedge reserve under other comprehensive income is transferred to the statement of profit and loss when the forecasted transaction occurs or affects profit or loss or when a hedged transaction is no longer expected to occur.

Translation of foreign operations

The Company presents the financial statements in INR which is the functional currency of the Company.

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) 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 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.

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.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On March 30, 2020, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected

value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.
The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2020.
The Company will adopt the standard on April 1, 2020 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2020 without adjusting comparatives.
The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

Amendment to Ind AS 12 – Income taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.
The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.
Effective date for application of this amendment is annual period beginning on or after April 1, 2020. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

(m) 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 financial statements by the Board of Directors.

(n) 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 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.

(o) 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.

(p) 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.

4. Share capital

	As at March 31, 2021	As at March 31, 2020
Authorized shares		
11,652.66 Thousand (Previous period: 11,652.66 Thousand) equity shares of EUR 1 each	EUR 11,652.66	EUR 11,652.66
	EUR 11,652.66	**EUR 11,652.66**
Issued, subscribed and fully paid-up shares (in ₹'000)		
11,652.66 Thousand (Previous period: 11,652.66 Thousand) equity shares of EUR 1 each	₹ 959,816.19	₹ 959,816.19
Issued, subscribed and fully paid-up share capital	**₹ 959,816.19**	**₹ 959,816.19**

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 March 31, 2021 (in '000)	As at March 31, 2020 (in '000)
Shares outstanding as at beginning of year	11,652.66	8,525.00
Add: shares issued during the year (Previous year: 3,127.66 Thousand shares of EUR 1 each)	-	3,127.66
Shares outstanding as at end of year	**11,652.66**	**11,652.66**

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of EUR 1 per share. Each holder of equity shares is entitled to one vote per share.

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.

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Persistent Systems Germany GmbH

NOTES FORMING PART OF FINANCIAL STATEMENTS

5.1 Property, Plant and Equipment **(In ₹'000)**

	Computers	Plant & Machinery	Total
Gross block (At cost)			
As at April 1, 2020	537.77	83.99	621.76
Additions	-	-	-
- Exchange differences	19.62	3.07	22.69
As at March 31, 2021	**557.39**	**87.06**	**644.45**
Depreciation and amortization			
As at April 1, 2020	253.21	14.35	267.56
Charge for the year	188.27	44.09	232.36
- Exchange differences	6.84	(0.05)	6.79
As at March 31, 2021	**448.32**	**58.39**	**506.71**
As at March 31, 2021	**109.07**	**28.67**	**137.74**
As at March 31, 2020	284.56	69.64	354.20

(In ₹'000)

	Computers	Plant and Machinery	Total
Gross block (At cost)			
As at April 1, 2019	373.69	-	373.69
Additions	132.31	79.74	212.05
- Exchange differences	31.77	4.25	36.02
As at March 31, 2020	**537.77**	**83.99**	**621.76**
Depreciation and amortization			
As at April 1, 2019	85.63	-	85.63
Charge for the year	153.73	13.62	167.35
- Exchange differences	13.85	0.73	14.58
As at March 31, 2020	**253.21**	**14.35**	**267.56**
As at March 31, 2020	**284.56**	**69.64**	**354.20**
As at March 31, 2019	288.06	-	288.06

5.2 Depreciation and amortisation

	For year ended	
	March 31, 2021 (In ₹'000)	**March 31, 2020 (In ₹'000)**
Property, Plant & Equipment	232.36	167.35
	232.36	**167.35**

Persistent Systems Germany GmbH

NOTES FORMING PART OF FINANCIAL STATEMENTS

6. Non-current investments

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Investments carried at cost		
Unquoted investments		
Investments in equity instruments (refer note 23)		
- In wholly owned subsidiary companies		
Parx Werk AG	657,648.33	634,491.87
250 Thousand Shares (100% held by the company) of CHF		
Youperience GmbH		
25 Thousand (100% held by the company) of Euro 1 each	396,777.31	389,106.71
	1,054,425.64	**1,023,598.58**

7. Loans

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Intercompany Deposit (refer note 23)		
Youperience GmBH	60,268.51	78,836.30
(Repayment terms: after 36 months @ 3M EURIBOR plus 200 basis points)		
Security Deposit	238.86	230.45
	60,507.37	**79,066.75**

8. Deferred Tax Asset

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Deferred Tax asset		
On carried forward losses	-	-
	-	**-**

9. Trade receivables

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Unsecured, considered good (Refer note 23)	28,365.94	14,040.65
Unsecured, considered doubtful	-	-
	28,365.94	**14,040.65**
Less : Provision for doubtful receivables	**-**	**-**
	28,365.94	**14,040.65**

10. Cash and cash equivalents

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Balances with banks		
On current accounts	26,879.85	62,298.88
	26,879.85	**62,298.88**

11. Other current financial assets

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Interest accrued on intercompany deposit (refer note 23)	257.53	670.91
Advance to related parties (Unsecured, considered good) (Refer note 23)		
Parx Werk AG	76,819.55	15,377.07
Parx Consulting GmBH	10,870.04	10,487.30
Youperience GmbH	105,967.12	
Persistent Systems Inc	8,202.84	7,685.72
Unbilled revenue	3,924.55	-
	206,041.63	**34,221.00**

NOTES FORMING PART OF FINANCIAL STATEMENTS

12. Other current assets

	As at March 31,2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Advances recoverable in cash or in kind	525.46	193.66
VAT receivable	5,952.98	1,975.46
Others	-	15.09
	6,478.44	**2,184.21**

13. Non-current financial liabilities : Borrowings

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Unsecured		
Borrowings from related party (refer note 23)		
- Persistent Systems Inc.	142,253.17	-
(Repayment Terms : After Thirty six months)		
(Rate of interest: 3 month LIBOR plus 225 basis points)		
	142,253.17	**-**

14. Trade payable

	As at March 31,2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Trade payables for goods and services	3,167.96	4,717.84
Intercompany trade payables (Refer note 23)	24,945.92	35,125.84
	28,113.88	**39,843.68**

15. Other current financial liabilities

	As at March 31,2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Advance from related parties (Unsecured, considered good) (refer note 23)		
-Persistent Systems Limited	679.50	1,012.67
Interest accrued but not due on loans (refer note 23)		
-Persistent Systems Inc.	1,447.89	-
	2,127.39	**1,012.67**

16. Other current liabilities

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Unearned revenue	1,477.87	3,234.90
	1,477.87	**3,234.90**

17. Current liabilities: Provisions

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Other employee benefits		
-Provision for bonus	2,375.07	2,882.50
	2,375.07	**2,882.50**

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18. Revenue from operations

	For year ended March 31, 2021 (In ₹'000)	March 31, 2020 (In ₹'000)
Sale of Services (refer note 23)	85,619.88	83,706.70
Sale of Products	93,673.29	347.71
	179,293.17	**84,054.41**

The table below presents disaggregated revenues from contracts with customers by offerings, segments, geography and customers' industry type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	For year ended March 31, 2021 (In ₹'000)	March 31, 2020 (In ₹'000)
Segment wise disclosure		
Industrial Services	179,293.17	84,054.41
BFSI	-	-
LSHC	-	-
Total	**179,293.17**	**84,054.41**
Geographical disclosure		
India	-	-
North America	34,686.23	38,362.36
Rest of the World	144,606.95	45,692.05
Total	**179,293.18**	**84,054.41**
Onsite / offshore		
IP Led	99,347.50	45,692.05
Offshore	79,945.67	38,362.36
Onsite	-	-
Total	**179,293.17**	**84,054.41**

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially) satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts and also those which pertain to contracts with original expected duration of one year or less.

Changes in contract assets (unbilled revenue) are as follows:

Particulars	March 31, 2021 (In ₹'000)	March 31, 2020 (In ₹'000)
Balance at the beginning of the year	-	(6,878.90)
Revenue recognised during the year	48,935.31	23,295.92
Invoices raised during the year	(44,270.93)	(31,114.14)
Translation exchange difference	(739.83)	14,697.12
Balance at the end of the year	**3,924.55**	**-**

Changes in Unearned revenue are as follows:

Particulars	March 31, 2021 (In ₹'000)	March 31, 2020 (In ₹'000)
Balance at the beginning of the year	3,234.90	3,097.01
Revenue recognised during the year	10,823.55	5,436.67
Increase due to invoicing during the year, not recognised as revenue during the year	(8,864.99)	(5,274.61)
Translation exchange difference	(3,715.59)	(24.17)
Balance at the end of the year	**1,477.87**	**3,234.90**

19. Other Income

	For year ended	
	March 31, 2021 (In ₹'000)	**March 31, 2020 (In ₹'000)**
Foreign exchange gain (net)	-	941.49
Interest on Intercompany deposit (refer note 23)	1,223.86	636.99
Miscellaneous Income	4,935.21	-
	6,159.07	**1,578.48**

20. Personnel expenses

	For year ended	
	March 31, 2021 (In ₹'000)	**March 31, 2020 (In ₹'000)**
20.1 Employee benefit expenses		
Salaries wages and bonus	43,717.89	44,059.95
Staff welfare and benefits	378.86	351.84
	44,096.75	**44,411.79**
20.2 Cost of technical professionals		
Technical professionals - Related parties (refer note 23)	45,256.29	33,249.23
	45,256.29	**33,249.23**
	89,353.04	**77,661.02**

21. Other expenses

	For year ended	
	March 31, 2021 (In ₹'000)	**March 31, 2020 (In ₹'000)**
Traveling and conveyance	725.26	2,559.84
Communication expenses	201.18	24.80
Training and seminars	-	270.30
Purchase of software licenses and support expenses	76,247.72	7,126.79
Rent	436.36	905.97
Rates and taxes	188.93	6,493.44
Legal and professional fees (refer note 23)	16,420.99	19,800.21
Commission on sales (refer note 23)	3,830.97	-
Advertisement and sponsorship fees	-	-
Computer consumables	8.67	-
Auditors' remuneration (refer note 27)	39.47	37.29
Foreign exchange loss (net)	177.99	-
Miscellaneous expenses	1,144.42	724.21
	99,421.96	**37,942.85**

NOTES FORMING PART OF FINANCIAL STATEMENTS

22. Earnings per share

Particulars		For year ended	
		March 31, 2021	March 31, 2020
Basic earnings per share			
Numerator			
Net Profit / (loss) after tax (in ₹'000)	A	(5,021.78)	(55,866.46)
Denominator for basic EPS	B	9,525,000	11,652,660
Denominator for diluted EPS			
Weighted average number of equity share	C	9,525,000	11,141,091
Basic earnings per share (Face value of EUR 1 each) (in ₹)	A / B	(0.53)	(4.79)
Diluted earnings per share (Face value of EUR 1 each) (in ₹)	A/C	(0.53)	(5.01)

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23. **Related party disclosures**

I. **Names of related parties:**

Holding company:-	
	Persistent Systems Ltd.
Subsidiary Company:	
	Parx Werk AG
	Parx Consulting GmbH
	Youperience GmbH
Companies under same management:	
	Persistent Systems Inc
	Persistent Systems France SAS

ii) Related Party Transactions

(In ₹ '000)

Particulars	**Name of Related Party**	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Intercorporate deposit given	Youperience GmbH	-	78,836.30
Intercorporate deposit received	Persistent Systems Inc	142,253.17	-
Intercorporate deposit received back	Youperience GmbH	21,445.00	
Interest expense on intercorporate deposit	Persistent Systems Inc	1,466.66	-
Interest income on intercorporate deposit	Youperience GmbH	1,223.86	636.99
Sale of services	Persistent Systems Inc	34,460.18	38,362.36
Professional fees	Persistent Systems Limited	42,076.78	28,005.15
	Persistent Systems Inc	3,179.51	5,244.08
Commission on sales	Persistent Systems France SAS	3,830.97	-
Legal & Professional fees	Persistent Systems Limited	(377.47)	345.73

iii) Balances outstanding

(In ₹'000)

Particulars	**Name of Related Party**	**As at March 31, 2021**	**As at March 31, 2020**
Share capital	Persistent Systems Limited	959,816.19	959,816.19
Securities Premium	Persistent Systems Limited	306,098.16	306,098.16
Non-current investment	Parx Werk AG	657,648.33	634,491.87
	Youperience GmbH	396,777.31	389,106.71
Advance received	Persistent Systems Limited	679.50	1,012.67
Advance given	Persistent Systems Inc	8,202.84	7,685.72

	Parx Werk AG	76,819.55	15,377.07
	Parx Consulting GmbH	10,870.04	10,487.30
	Youperience GmbH	105,967.12	-
Intercorporate deposit received	Persistent Systems Inc	142,253.17	-
Interest accrued on Intercorporate deposit received	Persistent Systems Inc	1,447.89	-
Intercorporate deposit given	Youperience GmbH	60,268.51	78,836.30
Interest accrued on intercorporate deposit	Youperience GmbH	257.53	670.91
Trade payables	Persistent Systems Limited	21,163.97	29,496.60
	Persistent Systems Inc	-	5,629.24
	Persistent Systems France SAS	3,781.93	-
Trade receivables	Persistent Systems Inc	3,674.11	3,674.11

24. Unhedged foreign currency exposure at the end of the year

(in ₹'000)

	31-Mar-21			**31-Mar-20**		
Particulars	**Amount in Foreign Currency (in '000)**	**Rate**	**Amount in ₹**	**Amount in Foreign Currency (in '000)**	**Rate**	**Amount in ₹**
Trade Payables	-	-	-	USD 0.35	75.66	26.64
Trade receivables	-	-	-	GBP 3.69	93.49	345.42
	USD 196.57	73.11	14,371.23	USD 111.46	75.66	8,433.34

25. Financial Risk Management

Financial risk factors and risk management objectives

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company's exposure to credit risk is mainly for receivables that are overdue for more than 90 days. The Credit Task Force of the Group is responsible for credit risk management. The liquidity needs are managed by funding from / to the group companies. The Group's Risk Management Committee monitors risks and policies implemented to mitigate risk exposures.

Market risk

The following table analyses foreign currency risk from financial instruments		**(In ₹'000)**
	March 31, 2021	**March 31, 2020**
Trade Payables	-	26.64
Trade Receivables	14,371.23	8,778.76

Foreign currency sensitivity analysis:

For the year ended March 31, 2020 every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, has affected the Company's profit before tax margin (PBT) by approximately 2.86% and 2.86% respectively

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 28,365.94Thousand and Rs. 14,040.65 Thousand as at March 31, 2021 and March 31, 2020, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk is managed by the Company by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables.

Credit risk is perceived mainly in case of receivables overdue for more than 90 days. The following table gives details of risk concentration in respect of percentage of receivables overdue for more than 90 days:

(in ₹'000)

	As at	
	March 31, 2021	**March 31, 2020**
Receivables overdue for more than 90 days	-	-
Total receivables	28,365.94	14,040.65
Overdue for more than 90 days as a % of total receivables	0%	0%

Ageing of trade receivables

(In ₹'000)

	As at	
	March 31, 2021	**March 31, 2020**
Within the credit period	28,365.94	6,668.16
1 to 30 days past due	-	-
31 to 60 days past due	-	7,372.49
61 to 90 days past due	-	-
91 to 120 days past due	-	-
121 and above past due	-	-
Less: Expected credit loss	-	-
Net trade receivables	**28,365.94**	**14,040.65**

Movement in expected credit loss allowance

	As at	
	March 31, 2021	**March 31, 2020**
Opening balance	-	-
Movement in expected credit loss allowance	-	-
Translation differences	-	-
Closing balance	**-**	**-**

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has borrowings obtained from the group companies. The liquidity needs are managed by funding from / to the group companies. The working capital needs are met by availing intercorporate loans from the group companies whenever needed.

As at March 31, 2021, the Company had a working capital of Rs. 233,671.75 Thousand including cash and cash equivalents of Rs. 26,879.85 Thousand. As at March 31, 2020, the Company had a working capital of Rs. 65,770.99 Thousand including cash and cash equivalents of Rs. 62,298.88 Thousand.

The table below provides details regarding the contractual maturities of significant financial liabilities

(in ₹'000)

	As at			
	March 31, 2021		**March 31, 2020**	
	Less than 1 year	**More than 1 year**	**Less than 1 year**	**More than 1 year**
Trade payables	28,113.88	-	39,843.68	-
Other financial liabilities	2,127.29	-	1,012.67	-
Borrowings	-	142,253.17	-	-

26. Contingent liabilities
The Company does not have any contingent liability as at March 31, 2021 (Previous year: Nil).

27. Auditors' remuneration

(in ₹'000)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Audit fee	39.47	37.29

28. Income Taxes

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before tax is summarized below:

(in ₹'000)

	For the year ended	
	March 31, 2021	March 31, 2020
Profit before tax	(5,021.78)	(30,226.65)
Enacted tax rate	32.28%	32.275%
Computed tax expense at enacted tax rate	(1,620.78)	(9,755.66)
Unused tax losses not recognised as deferred tax assets	1,620.78	9,755.66
Deferred tax asset recognised on Tax losses	-	-
Reversal of deferred tax asset of earlier years	-	25,639.81
Income tax expense	-	25,639.81

29. Capital Commitments

The estimated amount of contracts remaining to be executed on Capital account and not provided for, net of advances is ₹ Nil (March 2020 – ₹ Nil).

30. Ministry of Corporate Affairs (MCA), vide its notification dated March 24, 2021, amended Schedule III of the Companies Act, 2013 with effect from April 1, 2021. Management is of the view that since the changes are applicable from April 1, 2021, those are applicable for the financial year commencing from April 1, 2021 and are applicable to Financial statements issued in respect of accounting years commencing on or after April 1st, 2021.
Therefore, related disclosures are not considered in these financial statements for the year ended on 31.03.2021, although issued after 1st April 2021.

31. The financial statements are presented in ₹'000 except for per share information or as otherwise stated.

32. Previous period's figures have been regrouped where necessary to conform to current year's classification.

As per our report of even date

For Joshi Apte &Co.,
Firm registration no. 104370W
Chartered Accountants

For and on behalf of the Board of Directors of
Persistent Systems Germany GmbH

per C.K. Joshi
Partner
Membership No.030428
Place: Pune
Date: April 26, 2021

Arnaud Pierrel
Director

Place: Grenoble
Date: April 26, 2021

Sunil Sapre
Director

Place: Pune
Date: April 26, 2021