

Persistent Telecom Solutions Inc.**BALANCE SHEET AS AT MARCH 31, 2021**

	Note	As at March 31, 2021 (In ₹ million)	As at March 31, 2020 (In ₹ million)
ASSETS			
Non-current assets			
Property, Plant and Equipment	5	0.21	1.03
Capital work-in-progress		-	0.17
Other Intangible assets	5	-	-
		0.21	1.20
Financial assets			
Deferred Tax Asset (Net)	6	68.96	108.56
		69.17	109.76
Current assets			
Trade receivables	7	264.97	243.92
Cash and cash equivalents	8	38.63	43.36
Other current financial assets	9	5.87	23.52
Other Current Assets	10	24.55	14.30
Current Tax Assets (Net)		24.74	37.70
		358.76	362.80
TOTAL		427.93	472.56
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4	-	-
Other equity		(6.45)	(67.84)
		(6.45)	(67.84)
LIABILITIES			
Non- current liabilities			
Financial liabilities			
-Borrowings	11	-	52.96
		-	52.96
Current liabilities			
Financial liabilities			
-Borrowings	12	0.01	83.43
- Trade payables	13	253.98	183.94
- Other financial liabilities	14	-	13.06
Other current liabilities	15	153.69	152.72
Provisions	16	26.70	54.29
		434.38	487.44
TOTAL		427.93	472.56
Summary of significant accounting policies	3		

The accompanying notes are 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 Telecom Solutions Inc.

per C.K. Joshi
Partner
Membership No.030428

Dr. Anand Deshpande Thomas Klein
Director Director

Place: Pune
Date : April 26, 2021

Place: Pune
Date : April 26, 2021

Place: Santa Clara
Date : April 26, 2021

Persistent Telecom Solutions Inc.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

	Note	For the year ended March 31, 2021 (In ₹ million)	For the year ended March 31, 2020 (In ₹ million)
Income			
Revenue from operations	17	726.96	828.54
Other income	18	31.94	173.30
	(A)	758.90	1,001.84
Expenses			
Employee benefit expenses	19.1	161.67	333.88
Cost of technical professionals	19.2	246.92	303.62
Finance costs		0.42	6.74
Depreciation and amortization expense	5.1	0.95	1.00
Other expenses	20	241.25	205.21
	(B)	651.21	850.45
Profit/(Loss) before tax (A-B)		107.69	151.39
Tax expense			
Current tax		11.53	0.23
Tax (credit) / charge in respect of earlier years		(0.23)	0.74
Deferred tax (credit) / charge		36.43	(16.90)
Total tax expense		47.73	(15.93)
Net Profit/(Loss) for the period/year	(C)	59.96	167.32
Other comprehensive income			
Items that will not be reclassified to profit or loss (D)			
- Remeasurements of the defined benefit liabilities / (asset)		-	-
- Tax effect on remeasurements of the defined benefit liabilities / (asset)		-	-
		-	-
Items that may be reclassified to profit or loss (E)			
- Exchange differences in translating the financial statements of foreign operations		1.43	(10.02)
		1.43	(10.02)
Total comprehensive income for the period/year (C) + (D) + (E)		61.39	157.30
Earnings per equity share	21		
[nominal value of share \$ 0.001 (Corresponding period/previous year \$ 0.001)]			
Basic `		24,177.42	67,467.74
Diluted `		24,177.42	67,467.74
Summary of significant accounting policies	3		

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Director

Thomas Klein
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Persistent Telecom Solutions Inc.
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	For the year ended March 31, 2021 (In ₹ million)	For the year ended March 31, 2020 (In ₹ million)
Cash flow from operating activities		
Profit/(Loss) before tax	107.69	151.39
Adjustments for:		
Foreign Currency Translation Reserve	1.43	(10.02)
Unrealised foreign exchange gain/loss	(4.33)	78.04
Finance Cost	0.42	6.74
Interest income	-	(0.06)
Depreciation and amortization expense	0.95	1.00
Bad debts written off	10.15	4.20
Provision for doubtful debts (net)	-	(7.57)
Discount received	-	-
Provision for doubtful debts written back (net)	(10.15)	-
Operating profit before working capital changes	106.16	223.72
Movements in working capital :		
Decrease/ (Increase) in trade receivables	(21.05)	82.91
Decrease/ (Increase) in other current assets	(10.25)	11.08
Decrease/(Increase) in loans and advances	17.65	(13.47)
Increase/ (Decrease) in trade payables and current liabilities	53.90	(87.70)
Increase/ (Decrease) in provisions	(25.37)	(21.71)
Operating profit after working capital changes	121.04	194.83
Direct taxes paid (net of refunds)	4.05	(3.64)
Net cash generated from / (used in) operating activities	125.09	191.19
Cash flows from investing activities		
(Payment for capital expenditure)/Sales proceeds from fixed assets	0.00	0.27
Interest received	-	0.06
Net cash generated from / (used in) investing activities	0.00	0.33
Cash flows from financing activities		
Proceeds / (Repayments) from long term borrowings	(129.81)	(179.08)
Interest paid	-	(2.70)
Net cash generated from / (used) in financing activities	(129.81)	(181.78)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(4.73)	9.74
Cash and cash equivalents at the beginning of the reporting period/year	43.36	33.62
Cash and cash equivalents at the end of the reporting period/year	38.63	43.36
Components of cash and cash equivalents	March 31, 2021	March 31, 2020
Balances with Banks	38.63	43.36
Cash and cash equivalents as per note 8	38.63	43.36
Summary of significant accounting policies	3	

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Place: Pune
Date : April 26, 2021

Place: Pune Place: Santa Clara
Date : April 26, 2021 Date : April 26, 2021

Persistent Telecom Solutions Inc.**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021****A. Equity share capital***

Refer note : 4

(In ₹ million)

Balance as at April 1, 2020	Changes in equity share capital during the period	Balance as at March 31, 2021 (Audited)
-	-	-
-	-	-

(In ₹ million)

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020 (Audited)
-	-	-
-	-	-

* Represents value less than ₹ Millions

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Persistent Telecom Solutions Inc.**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021****B. Other equity**

(In ₹ million)

Particulars	Reserves and surplus		Items of other comprehensive income		Total
	Securities premium reserve	Retained earnings	Exchange differences on translating the financial statements of foreign operations	Remeasurements of the defined benefit liabilities / asset	
Balance as at April 1, 2020	306.93	(446.10)	70.21	1.12	(67.84)
Net profit/(losses) for the period	-	59.96	-	-	59.96
Change during the period	-	-	1.43	-	1.43
Balance at March 31, 2021 (Audited)	306.93	(386.14)	71.64	1.12	(6.45)

(In ₹ million)

Particulars	Reserves and surplus		Items of other comprehensive income		Total
	Securities premium reserve	Retained earnings	Exchange differences on translating the financial statements of foreign operations	Remeasurements of the defined benefit liabilities / asset	
Balance as at April 1, 2019	306.93	(613.42)	80.23	1.12	(225.14)
Net profit / (loss) for the year	-	167.32	-	-	167.32
Change during the year	-	-	(10.02)	-	(10.02)
Balance at March 31, 2020 (Audited)	306.93	(446.10)	70.21	1.12	(67.84)

The accompanying notes are an integral part of the financial statements

As per our report of even date

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For and on behalf of the Board of Directors of
Persistent Telecom Solutions Inc.

per C.K. Joshi
Partner
Membership No. 030428

Dr. Anand Deshpande Thomas Klein
Director Director

Place: Pune
Date : April 26, 2021

Place: Pune Place: Santa Clara
Date : April 26, 2021 Date : April 26, 2021

1. Nature of operations

Persistent Telecom Solutions, Inc. (the Company) is a wholly owned subsidiary of Persistent Systems, Inc. The company is specialized in software products, services and technology innovation in telecom and Product Lifecycle Management domains.

2. Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which have been measured at fair value. The accounting policies are consistently applied by the Company during the period/year and are consistent with those used in previous period/year.

-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. Statement of significant accounting policies

A. Accounting year

The accounting year of the company is from April 1 to March 31.

B. Functional currency

The company's functional currency is the U.S. Dollar

C. Use of estimates

The preparation of the condensed financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting period. 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.

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 condensed interim 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.

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.

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.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc).

The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is Rs. NIL out of which NIL % is expected to be recognised as revenue in the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

ii. Income taxes

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

iii. 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.

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.

D. Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price and any 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

a) Acquired Intangible assets

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.

b) 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.

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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
Plant and equipment*	5 years
Furniture and fixtures*	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. 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.

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

Any financial assets which does not meet the criteria for categorization as financial assets at amortized cost or as FVTOCI, is classified as financial assets at FVTPL. Financial assets 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 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.

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 net selling price and 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. 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. 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 net selling price and 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 Cost:

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangements 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 a part of the cost of the respective asset. All other borrowing costs are expensed in the year in which 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. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on category basis.

Long-term investments presented as non- current investments are carried at cost.

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 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.

The following specific recognition criteria must also be met before revenue is recognized:

i. Income from software licenses and services

Revenue from time and material engagements is recognized on time proportion basis as and when the services are rendered in accordance with the terms of the contracts with customers

In case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on proportionate completion basis.

Revenue from licensing of software is recognized upon delivery.

Revenue from maintenance contracts and subscriptions is recognized pro-rata basis over the period of the contract.

Revenue from royalty is recognized in accordance with the terms of the relevant agreement.

Unbilled revenue represents revenue recognized in relation to work done on time and material projects and fixed price projects 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 as per the terms of contract.

The company collects sales tax on behalf of Government and, therefore these are not economic benefits flowing to the company, hence they are 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. Dividends

Dividend Income is recognized when the company's right to receive payment is established by the balance sheet date. Dividend income is included under the head 'Other Income' in the statement of profit and loss.

L. Foreign currency transaction:

i. Initial recognition

Foreign currency transactions are recorded in the functional currency viz. USD by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency on the date of the transaction.

ii. Conversion

The transactions are in US Dollars, which are converted for reporting in Indian currency on the following basis. The equity share capital is translated on the date of transaction and fixed assets and investments are translated at the closing rate as at the date of the balance sheet. All current assets and current liabilities are translated at the closing rate as at the date of the balance sheet. All Income and Expense items are converted at weighted average of Inter Bank Selling Rate for the year.

The exchange difference arising out of the period/year-end conversion is translated to Currency Translation Reserve and the said amount is shown under the head "Other Equity".

iii. Settlement

Revenue, and expenses denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit or loss for the period in which the transaction is settled.

M. Retirement and other employee benefits

i. Gratuity

The Company is not liable to pay gratuity as per the payment of Gratuity Act 1972.

ii. Superannuation

The Company does not have any superannuation scheme.

iii. Provident fund

The Company is not liable to pay provident fund as per the Provident Fund Act 1952.

iv. Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the 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.

The Company presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

N. 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 United States of America's tax laws. Deferred income tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods.

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 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.

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 correlation 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, 2019, 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, 2019.

The Company has adopted the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the 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, 2019. The Company is currently evaluating the effect of this amendment on the financial statements.

O. Cash and cash equivalents

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

P. Lease

Where the Company is a lessee

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: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are

charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2020 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

The effect of adoption as on transition date would majorly result in an increase in Right of use asset approximately by ₹ NIL and an increase in lease liability approximately by ₹ NIL.

Q. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the 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 period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period, 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.

R. 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.

S. Contingent liabilities

A contingent liability is a possible obligation that arises from past event 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. The company does not recognize a contingent liability but discloses its existence in the condensed financial statements.

T. Employee stock compensation expenses

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) by the holding Company, Persistent Systems Limited, to the employees of the Company.

In accordance with Ind AS 102, the cost of equity-settled transactions is determined by the fair value at the date of the grant by the holding Company of the equity instruments to the employees of the Company 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.

The expense or credit recognized by the Company in the statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense of the Company. 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 intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

U. Amendment to Ind AS 19: plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

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4. Share capital

	As at March 31, 2021	As at March 31, 2020
Authorized		
5,000 (Previous year 5,000)	US \$ 5	US \$ 5
Common Shares of \$0.001 each.		
	US \$ 5	US \$ 5
*Issued, subscribed and paid-up ((In ₹ Millions)		
2,480 (previous year 2,480) common shares of \$0.001 each fully paid up.	-	-
All shares are held by holding company i.e. Persistent Systems Inc.		
	-	-
* Represent value less than ₹ Millions		

Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:
There is no movement in the shares outstanding at the beginning and at the end of the reporting year.

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NOTES FORMING PART OF FINANCIAL STATEMENTS

5. Property, Plant and Equipment & Other Intangible Assets

	Computers	Office Equipment	Furniture & Fixtures	Sub total Tangibles	Software	Acquired Contractual rights	Sub total Intangibles	(In ₹ million) Total
Gross Block								
As at April 1, 2020	129.06	1.61	1.16	131.83	730.11	524.00	1,254.11	1,385.94
Additions	0.17	-	-	0.17	-	-	-	0.17
Disposals	-	-	-	-	-	-	-	-
- Exchange difference	(3.56)	(0.86)	(0.03)	(4.45)	(18.42)	(23.90)	(42.32)	(46.77)
As at March 31, 2021	125.67	0.75	1.13	127.55	711.69	500.10	1,211.79	1,339.34
Depreciation / Amortization								
As at April 1, 2020	128.17	1.57	1.06	130.80	730.11	524.00	1,254.11	1,384.91
Charge for the period	0.83	0.04	0.08	0.95	-	-	-	0.95
- Exchange difference	(3.53)	(0.86)	(0.02)	(4.41)	(18.42)	(23.90)	(42.32)	(46.73)
As at March 31, 2021	125.47	0.75	1.12	127.34	711.69	500.10	1,211.79	1,339.13
Net Block								
As at March 31, 2021	0.20	-	0.01	0.21	-	-	-	0.21
As at March 31, 2020	0.89	0.04	0.10	1.03	-	-	-	1.03
Gross Block								
As at April 1, 2019	122.91	1.47	1.06	125.44	666.88	478.62	1,145.50	1,270.94
Purchase	-	-	-	-	-	-	-	-
Disposals	5.60	-	-	5.60	-	-	-	5.60
- Exchange difference	11.75	0.14	0.10	11.99	63.23	45.38	108.61	120.60
As at March 31, 2020	129.06	1.61	1.16	131.83	730.11	524.00	1,254.11	1,385.94
Depreciation / Amortization								
As at April 1, 2019	121.33	1.36	0.84	123.53	666.88	478.62	1,145.50	1,269.03
Charge for the year	0.79	0.08	0.13	1.00	-	-	-	1.00
Disposals	5.16	-	-	5.16	-	-	-	5.16
- Exchange difference	11.21	0.13	0.09	11.43	63.23	45.38	108.61	120.04
As at March 31, 2020	128.17	1.57	1.06	130.80	730.11	524.00	1,254.11	1,384.91
Net Block								
As at March 31, 2020	0.89	0.04	0.10	1.03	-	-	-	1.03
As at March 31, 2019	1.58	0.11	0.22	1.91	-	-	-	1.91

5.1 Depreciation and amortization expense

	For the year ended	
	March 31, 2021 (In ₹ million)	March 31, 2020 (In ₹ million)
On Property, Plant and Equipment	0.95	1.00
On Other intangible assets	-	-
	0.95	1.00

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NOTES FORMING PART OF FINANCIAL STATEMENTS

6. Deferred tax assets

	As at March 31, 2021 (In ₹ million)	As at March 31, 2020 (In ₹ million)
Deferred tax assets		
Provision for doubtful debts	6.06	8.76
Provision for leave encashment	2.04	4.43
Provision for long service awards	1.11	-
Accumulated losses	-	22.01
Sales commission	-	2.05
Differences in depreciation and amortization and other differences in a block of tangible and intangible assets as per the US tax books and financial books	59.90	69.32
Others*	-	1.99
	<u>69.11</u>	<u>108.56</u>
Deferred tax liabilities		
Accumulated Losses		
Others	0.15	-
Deferred tax asset (net)	<u>68.96</u>	<u>108.56</u>

*The Company along with its Parent Company – Persistent Systems Inc. ("Parent Company") has opted for the consolidated direct tax filing in the United States since FY 2014-15 to optimize the tax liability at a group level.

7. Trade receivables

	As at March 31, 2021 (In ₹ million)	As at March 31, 2020 (In ₹ million)
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured (considered good)	-	-
Unsecured (credit impaired)	-	36.16
	<u>-</u>	<u>36.16</u>
Less : Allowance for doubtful trade receivables	-	36.16
	<u>-</u>	<u>-</u>
Others		
Unsecured (considered good)	289.89	243.92
Unsecured (credit impaired)	-	-
	<u>289.89</u>	<u>243.92</u>
Less : Allowance for doubtful trade receivables	24.92	-
	<u>264.97</u>	<u>243.92</u>
	<u>264.97</u>	<u>243.92</u>

8. Cash and cash equivalents

	As at March 31, 2021 (In ₹ million)	As at March 31, 2020 (In ₹ million)
Cash and cash equivalents as presented in cash flow statement		
Balances with banks		
- On current account	38.63	43.36
	<u>38.63</u>	<u>43.36</u>

9. Other current financial assets

	As at March 31, 2021 (In ₹ million)	As at March 31, 2020 (In ₹ million)
Unsecured, considered good		
Carried at amortised cost		
Advance to related parties (Unsecured, considered good)		
-Persistent Systems Inc.	-	14.44
Other loans and advances		
Deposits	0.14	0.15
Unbilled revenue	5.73	8.93
	<u>5.87</u>	<u>23.52</u>

10. Other current assets

	As at March 31, 2021 (In ₹ million)	As at March 31, 2020 (In ₹ million)
Advances to suppliers (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	22.97	11.10
Unsecured, considered good		
US State Tax receivable	1.58	3.15
Other	-	0.05
	<u>24.55</u>	<u>14.30</u>

Persistent Telecom Solutions Inc.**NOTES FORMING PART OF FINANCIAL STATEMENTS****11. Non Current financial liabilities: Borrowings**

	As at March 31, 2021 (In ₹ million)	As at March 31, 2020 (In ₹ million)
Unsecured		
Borrowings from related parties		
- Persistent Systems, Inc.	-	-
(Repayment Terms : After Thirty six months)		
(Rate of interest: Applicable federal rate)		
- Persistent Systems Pte. Ltd.	-	52.96
(Repayment Terms : After Thirty six months)		
(Rate of interest: SIBOR + 2%)		
	-	52.96

12. Current financial liabilities : Borrowings

	As at March 31, 2021 (In ₹ million)	As at March 31, 2020 (In ₹ million)
Loans and advances from related parties		
Unsecured		
-Persistent Systems Limited	0.01	7.77
Borrowings from related parties		
- Persistent Systems, Inc.	-	75.66
(Repayment Terms : After Thirty six months)		
	0.01	83.43

13. Trade payables

	As at March 31, 2021 (In ₹ million)	As at March 31, 2020 (In ₹ million)
Trade payables for goods and services	253.98	183.94
	253.98	183.94

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NOTES FORMING PART OF FINANCIAL STATEMENTS

14. Other current financial liabilities

	As at March 31, 2021 (In ₹ million)	As at March 31, 2020 (In ₹ million)
Carried at amortised cost		
Interest accrued on borrowings from related parties		
-Persistent Systems, Inc.	-	0.48
-Persistent Systems Pte. Ltd.	-	2.75
Other payables		
- Accrued employee liabilities	-	9.83
	-	13.06

15. Other current liabilities

	As at March 31, 2021 (In ₹ million)	As at March 31, 2020 (In ₹ million)
Unearned revenue	152.93	152.72
Advance from customers	0.76	
	153.69	152.72

16. Current Liabilities: Provisions

	As at March 31, 2021 (In ₹ million)	As at March 31, 2020 (In ₹ million)
Provision for employee benefits		
- Leave encashment	8.38	18.29
- Other employee benefits	18.32	33.78
- Provision for income tax (net of advance tax)	-	2.22
	26.70	54.29

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Persistent Telecom Solutions Inc.

NOTES FORMING PART OF FINANCIAL STATEMENTS

17. Revenue from operations

	For the year ended March 31, 2021 (In ₹ million)	For the year ended March 31, 2020 (In ₹ million)
Sale of licenses (net)	223.59	159.44
Sale of software services (net)	503.37	669.10
	726.96	828.54

*(Refer Note: 22)

The table below presents disaggregated revenues from contracts with customers by 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 the year ended March 31, 2021 (In ₹ Million)	For the year ended March 31, 2020 (In ₹ Million)
Segment wise disclosure		
Segment		
BFSI	38.54	41.93
Healthcare Life Science	11.12	16.17
Industrials	677.30	770.44
Total	726.96	828.54

Geographical disclosure

Geography		
India	-	81.21
North America	535.00	541.43
Rest of the World	191.96	205.90
Total	726.96	828.54

Onsite-offshore disclosure

IP Led	463.23	484.73
Offshore	11.86	96.46
Onsite	251.87	247.35
Total	726.96	828.54

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	In ₹ Million
Balance at the beginning of the year	8.93
Revenue recognised during the year	5.81
Invoices raised during the year	(8.75)
Translation exchange difference	(0.26)
Balance at the end of the year	5.73

Changes in Unearned revenue are as follows:

Particulars	In ₹ Million
Balance at the beginning of the year	152.72
Revenue recognised during the year	(149.60)
Increase due to invoicing during the year, not recognised as revenue during the year	155.03
Translation exchange difference	(5.22)
Balance at the end of the year	152.93

NOTES FORMING PART OF FINANCIAL STATEMENTS

18. Other income

	For the year ended March 31, 2021 (In ₹ million)	For the year ended March 31, 2020 (In ₹ million)
Interest income	-	0.06
Provision for doubtful debts written back	10.15	-
Foreign exchange gains (net)	0.35	-
Excess provision in respect of earlier years written back	21.44	-
Inter-co benefit allocation	-	173.24
	31.94	173.30

19. Personnel expenses

	For the year ended March 31, 2021 (In ₹ million)	For the year ended March 31, 2020 (In ₹ million)
19.1 Employee benefit expenses		
Salaries, wages and bonus	157.96	333.49
Staff welfare and benefits	3.71	0.39
Defined contribution to other funds	-	-
	161.67	333.88
19.2 Cost of technical professionals		
- Related Parties	246.92	298.40
- Others	-	5.22
	246.92	303.62
	408.59	637.50

20. Other expenses

	For the year ended March 31, 2021 (In ₹ million)	For the year ended March 31, 2020 (In ₹ million)
Travelling and conveyance	1.86	13.65
Internet link expenses	0.74	0.06
Communication expenses	0.26	0.22
Recruitment expenses	1.17	2.91
Training and seminars	-	0.38
Royalty expenses	94.75	76.06
Third party hosting and software fees	26.72	33.22
Purchase of software licenses and support expenses	23.80	10.08
Provision for doubtful debts	-	(7.57)
Bad Debts	10.15	-
Rent	-	0.18
Rates, fees and profession tax	0.60	0.79
Legal and professional fees	2.86	13.13
Commission on sales to other than sole selling agents	77.40	60.00
Advertisement and sponsorship fees	0.01	0.84
Computer consumables	-	0.03
Auditors' remuneration	0.09	0.12
Books, memberships, subscriptions	0.43	0.31
Foreign exchange loss (net)	-	0.15
Miscellaneous expenses	0.41	0.65
	241.25	205.21

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NOTES FORMING PART OF FINANCIAL STATEMENTS**21. Earnings per share**

		For the year ended March 31, 2021	For the year ended March 31, 2020
Basic earnings per share			
<u>Numerator</u>			
Net Profit / (loss) after tax (In ₹ million)	A	59.96	167.32
<u>Denominator</u>			
Weighted average number of equity shares	B	2,480	2,480
Basic/Diluted earnings per share (Face value of US \$ 0.001 each)	A / B	24,177.42	67,467.74

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NOTES FORMING PART OF FINANCIAL STATEMENTS

22. Related party transactions

I. Names of related parties

Holding Company:

Persistent Systems Inc.

Companies under same Management

Persistent Systems Limited
Persistent Systems Pte. Ltd.
Persistent Malaysia Systems Sdn Bhd
Aepona Ltd (UK)
Persistent Systems France SAS
Persistent Systems Lanka (Private) Limited

Key Management Personnel

Mr. Christopher O'Connor - Director

II. Related party transactions

Particulars	Name of the related Party	Relationship with the Related Party	For the year ended	
			March 31, 2021 (In ₹ Million)	March 31, 2020 (In ₹ Million)
Income				
Software Professional Services	Persistent Systems Malaysia Sdn. Bhd.	Companies under the same management	3.22	31.85
	Persistent Systems Limited	Companies under the same management	28.89	54.84
	Persistent Systems, Inc.	Holding Company	-	119.42
Professional fees for sales enablement	Persistent Systems, Inc.	Holding Company	101.31	13.68
Licensing of distribution rights for software products and related services	Persistent Systems Pte. Ltd.	Companies under the same management	-	-
	Persistent Systems France SAS	Companies under the same management	3.88	3.09
	Persistent Systems Limited	Companies under the same management	16.15	35.30
Reimbursement	Persistent Systems, Inc.	Holding Company	-	1.26
Fees for Sales and marketing services	Persistent Systems, Inc.	Holding Company	-	20.33
	Persistent Systems Limited	Companies under the same management	-	26.37
Inter-co Obligation allocation	Persistent Systems, Inc.	Holding Company	-	173.24
Expenses				
Technical Professional charges	Persistent Systems Limited	Companies under the same management	153.86	164.67
	Persistent Systems Lanka (Private) Limited	Companies under the same management	4.04	2.70
	Persistent Systems, Inc.	Holding Company	89.02	117.42
Licensing of distribution rights for software products and related services	Aepona Limited	Companies under the same management	23.54	13.61
Finance cost	Persistent Systems, Inc.	Holding Company	0.10	1.79
	Persistent Systems Pte. Ltd.	Companies under the same management	0.22	4.95
Fees for Sales and marketing services	Aepona Limited	Companies under the same management	-	4.67
	Persistent Systems, Inc.	Holding Company	53.76	51.87
	Persistent Systems Limited	Companies under the same management	13.21	1.05
Travel and Conveyance expenses	Persistent Systems Limited	Companies under the same management	-	0.03
Repayment of Inter corporate deposit*	Persistent Systems Pte. Ltd.	Companies under the same management	-	179.08

* These transactions are disclosed at exchange rate of INR-USD as on transaction date.

† Mr. Christopher O'Connor resigned as Director w.e.f. August 07, 2020.

** Remuneration to Key Management Personnel does not include the provision made for leave benefits as they are determined on an actuarial basis for company as a whole.

NOTES FORMING PART OF FINANCIAL STATEMENTS

III. Related party balances

Particulars	Name of the related Party	Relationship with the Related Party	As at	As at
			March 31, 2021 (In ₹ Million)	March 31, 2020 (In ₹ Million)
Share capital*	Persistent Systems, Inc.	Holding Company	-	-
Securities Premium	Persistent Systems, Inc.	Holding Company	306.93	306.93
Trade payables	Persistent Systems Limited	Companies under the same management	63.60	1.89
	Persistent Systems, Inc.	Holding Company	111.06	85.14
	Persistent Systems Lanka (Private) Limited	Companies under the same management	0.96	2.24
	Aepona Limited	Companies under the same management	9.62	17.92
	Aepona Limited	Companies under the same management	-	-
Advance given	Persistent Systems Limited	Companies under the same management	-	-
	Persistent Systems, Inc.	Holding Company	-	14.44
Trade receivables	Persistent Malaysia Systems Sdn Bhd	Companies under the same management	2.67	18.77
	Persistent Systems Limited	Companies under the same management	17.57	39.27
	Persistent Systems, Inc.	Holding Company	95.51	67.30
	Persistent Systems France SAS	Companies under the same management	-	4.02
Inter corporate deposits taken	Persistent Systems Pte. Ltd.	Companies under the same management	-	52.96
	Persistent Systems, Inc.	Holding Company	-	75.66
Short term borrowing	Persistent Systems Limited	Companies under the same management	0.01	7.77
Interest on ICD payable	Persistent Systems, Inc.	Holding Company	-	0.48
	Persistent Systems Pte. Ltd.	Companies under the same management	-	2.75
Unearned revenue	Persistent Systems France SAS	Companies under the same management	-	0.19
	Persistent Systems Limited	Companies under the same management	0.95	11.43

* Represent value less than ₹ Millions

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23. 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:

	For the year ended	
	March 31, 2021	March 31, 2020
	(In ₹ Million)	(In ₹ Million)
Profit before tax	107.69	151.39
Enacted tax rate	21.00%	21.00%
Computed tax expense at enacted tax rate	22.61	31.79
Effect of non-taxable income	-	(36.31)
Others	25.35	1.76
Prior Period Tax	(0.23)	(13.91)
Change in tax rate	-	0.74
Income tax expense	47.73	(15.93)

The company along with its holding company has decided to opt for filing consolidated income tax return in compliance with the applicable tax regulations in the United States from financial year 2014-15. This enables the company to set off its business losses (if any) against the profits of the holding company. As it is probable that taxable profits will be available in the company/ holding company in future years, full deferred tax asset against accumulated tax losses of the company is recognized in the financial statements of the company.

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Persistent Telecom Solutions Inc.

Notes forming part of financial statements

24. Financial risk management**Financial risk factors and risk management objectives**

The Company's activities expose it to a variety of financial risks: 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 Company does not foresee any major foreign exchange risk as majority of the revenue is generated and expenses are incurred in the Company's functional currency. 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.

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 ₹ 289.89/- and ₹ 280.08/- In Millions/- 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 ₹ Million)		
	As at	
	March 31, 2021	March 31, 2020
Receivables overdue for more than 90 days	95.14	74.38
Total receivables	264.97	243.92
Overdue for more than 90 days as a % of total receivables	36%	30%

Ageing of trade receivables

(In ₹ Million)		
	As at	
	March 31, 2021	March 31, 2020
Within the credit period	117.39	125.08
1 to 30 days past due	50.11	16.90
31 to 60 days past due	15.37	27.56
61 to 90 days past due	11.88	-
91 to 120 days past due	2.36	38.31
121 and above past due	92.78	72.23
Less: Expected credit loss	24.92	36.16
Net trade receivables	264.97	243.92

Movement in expected credit loss allowance

(In ₹ Million)		
	As at	
	March 31, 2021	March 31, 2020
Opening balance	(36.16)	(40.41)
Movement in expected credit loss allowance	11.24	4.25
Closing balance	(24.92)	(36.16)

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Persistent Telecom Solutions Inc.**Notes forming part of financial statements****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 ₹ In Millions (75.62) including cash and cash equivalents of ₹ In Millions 38.63. As at March 31, 2020, the Company had a working capital of ₹ In millions (124.64) including cash and cash equivalents of ₹ in Millions 43.36

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

	(In ₹ Million)			
	As at			
	March 31, 2021		March 31, 2020	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Borrowings		-	-	52.96
Trade payables	253.98		183.94	-
Other financial liabilities	-		13.06	-

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25. Auditors remuneration

Particulars	(In ₹ Million)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
As auditor:		
- Audit fee (including quarterly audits)	0.09	0.12
- Tax audit fee	-	-
In other capacity:		
- Other services	-	-
TOTAL	0.09	0.12

26. Contingent liability

The Company does not have any contingent liability as at March 31, 2021 (March 2021 - ₹ Nil).

- 27.** The Company is considered as going concern inspite of negative net worth and inability to repay debts on time, based on assurance of continued financial support and assistance from parent company and measures implemented to control loss.
- 28.** The financial statements are presented in ₹ Millions except for per share information or as otherwise stated
- 29.** 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.

30. Previous year comparatives

Corresponding year comparative figures are regrouped wherever 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 Telecom Solutions Inc.

per C.K. Joshi
Partner
Membership No.030428

Dr. Anand Deshpande
Director

Thomas Klein
Director

Place: Pune
Date: April 26, 2021

Place: Pune
Date: April 26, 2021

Place: Santa Clara
Date: April 26, 2021
