

Persistent Systems, Inc.**CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2021**

	Notes	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	As at March 31, 2021 (In ₹ Million)
ASSETS				
Non-current assets				
Property, plant and equipment	5.1	83.53	52.48	40.11
Capital work-in-progress		0.03	0.13	9.25
Other intangible assets	5.2	258.30	467.53	162.38
Right-of-use Asset	5.3	113.18	175.74	141.85
		455.04	695.88	353.59
Financial assets				
- Investments	6	132.25	188.19	260.53
- Loans	8	293.19	384.09	375.59
Deferred tax assets (net)	7	695.83	578.31	627.76
Other non-current assets	9	95.18	0.63	-
	(A)	1,671.49	1,847.10	1,617.47
Current assets				
Financial assets				
- Trade receivables	10	3,984.36	3,888.06	3,396.20
- Cash and cash equivalents	11	3,883.52	293.59	789.18
- Loans	12	233.88	47.94	33.77
- Other current financial assets	13	1,450.12	772.14	1,079.82
Current tax assets (net)		130.73	95.25	131.94
Other current assets	14	148.48	99.19	297.37
	(B)	9,831.09	5,196.17	5,728.28
TOTAL	(A) + (B)	11,502.58	7,043.27	7,345.75
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	2,478.01	2,478.01	2,478.01
Other equity		3,395.94	384.81	437.04
	(A)	5,873.95	2,862.82	2,915.05
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Lease liabilities	15	68.06	117.55	89.74
	(B)	68.06	117.55	89.74
Current liabilities				
Financial liabilities				
- Lease liabilities	15	58.13	75.36	67.84
- Trade payables	16	3,567.50	2,777.66	2,629.89
- Other financial liabilities	17	330.77	56.23	28.78
Other current liabilities	18	713.62	491.05	599.77
Provisions	19	890.55	662.60	1,014.68
	(C)	5,560.57	4,062.90	4,340.96
TOTAL	(A)+(B)+(C)	11,502.58	7,043.27	7,345.75
Summary of significant accounting policies				
	3			

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

As per our report of even date

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

For and on behalf of the Board of Directors of
Persistent Systems, Inc.

Shashi Tadwalkar
Partner
Membership No. :- 101797

Dr. Anand Deshpande
Director

Thomas Klein
Director

Place: Pune
Date : October 23, 2021

Place: Pune
Date : October 23, 2021

Place: Santa Clara
Date : October 23, 2021

Persistent Systems, Inc.
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2021

	Notes	For the quarter ended		For the half year ended		For the year ended
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
		(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)
Income						
Revenue from operations (net)	20	7,566.66	6,044.78	14,399.91	11,824.72	24,224.34
Other income	21	31.91	5.84	34.88	13.31	21.29
Total Income (A)		7,598.57	6,050.62	14,434.79	11,838.03	24,245.63
Expenses						
Employee benefits expense	22.1	2,348.74	2,158.73	4,552.90	4,149.97	8,506.34
Cost of professionals	22.2	4,692.85	3,537.63	9,037.28	6,947.78	14,000.85
Finance cost		1.75	2.79	3.74	5.87	10.59
Depreciation and amortization expense	5.4	72.35	218.28	140.43	431.85	781.99
Other expenses	23	411.56	305.68	814.20	712.58	1,319.47
Total expenses (B)		7,527.25	6,223.11	14,548.55	12,248.05	24,619.24
Profit/(Loss) before tax (A - B)		71.32	(172.49)	(113.76)	(410.02)	(373.61)
Tax expense						
Current tax		4.81	3.67	(0.48)	5.81	14.25
Tax charge in respect of earlier years		-	-	-	-	0.31
Deferred tax credit		(13.59)	(75.15)	(58.12)	(166.89)	(220.30)
Total tax credit		(8.78)	(71.48)	(58.60)	(161.08)	(205.74)
Net Profit/(Loss) for the period/ year	(C)	80.10	(101.01)	(55.16)	(248.94)	(167.87)
Other comprehensive income						
Items that will be reclassified to profit or loss						
- Exchange differences on translating the financial statements	(D)	(3.23)	(70.43)	44.46	(76.99)	(105.83)
		(3.23)	(70.43)	44.46	(76.99)	(105.83)
Total comprehensive income / (loss) for the period/year (C) + (D)		76.87	(171.44)	(10.70)	(325.93)	(273.70)
Earnings per equity share [nominal value of Share \$ 0.10] (Previous period/ year \$0.10)						
Basic (In ₹)	24	0.20	(0.25)	(0.14)	(0.62)	(0.42)
Diluted (In ₹)		0.20	(0.25)	(0.14)	(0.62)	(0.42)
Summary of significant accounting policies	3					

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

As per our report of even date

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

For and on behalf of the Board of Directors of
Persistent Systems, Inc.

Shashi Tadwalkar
Partner
Membership No. :- 101797

Dr. Anand Deshpande
Director

Thomas Klein
Director

Place: Pune
Date : October 23, 2021

Place: Pune
Date : October 23, 2021

Place: Santa Clara
Date : October 23, 2021

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED JUNE 30, 2021

Particulars	(In ₹ million)		
	September 30, 2021	For the quarter ended September 30, 2020	For the year ended March 31, 2021
Cash flow from operating activities			
Loss before tax	(113.76)	(410.02)	(373.61)
Adjustments for:			
Exchange differences in translating the financial statements	44.46	(44.97)	(49.70)
Unrealised foreign exchange loss	176.23	40.52	66.46
Interest income	(4.00)	(7.48)	(12.75)
Depreciation and amortization	140.43	431.85	781.99
Finance cost	3.74	5.87	10.59
Reversal of impairment loss on financial assets (net)	(34.99)	(65.97)	(106.13)
Investment in preferred stock written off	146.22	-	-
Impairment loss on financial assets designated as at FVTPL-Others	-	-	18.53
Provision for doubtful debts (net)	(3.75)	48.59	53.54
Operating profit before working capital changes	354.58	(1.61)	388.92
Movements in working capital :			
(Increase)/Decrease in trade receivable	(584.41)	(84.05)	208.89
Decrease/(Increase) in other non current assets and other current assets	53.71	(1.51)	-
(Increase) / Decrease in other current financial assets and Security deposits	(535.42)	121.56	(205.16)
Decrease / (Increase) in trade payables, current liabilities and non current liabilities	1,357.19	(317.36)	(254.26)
Increase in provisions	(124.13)	(12.01)	(221.87)
Operating profit/(loss) after working capital changes	521.52	(294.98)	284.32
Direct taxes paid (net of refunds)	(2.34)	(20.23)	(68.83)
Net cash flow from/(used in) operating activities	519.18	(315.21)	215.49
Cash flows from investing activities			
Payment on account of Property, plant and equipment and intangible assets (net of sale proceeds)	(233.64)	(187.27)	(199.75)
Intercompany deposit placed	(163.00)	(162.92)	(270.10)
Intercompany deposit returned	54.00	147.66	317.36
Investment in subsidiary	-	-	(71.81)
Investment in other companies	-	14.28	-
Interest received	4.00	0.37	12.75
Net cash flow used in investing activities	(338.64)	(187.88)	(211.55)
Cash flows from financing activities			
Proceeds from issuance of share capital (pending for allotment)	2,952.67	-	-
Lease repayment	(35.13)	(42.11)	(43.10)
Repayment of borrowings	-	-	-
Payment of Interest	(3.74)	-	(10.45)
Net cash flow from/(used in) financing activities	2,913.80	(42.11)	(53.55)
Net (decrease) / increase in cash and cash equivalents (A + B + C)	3,094.34	(545.20)	(49.61)
Cash and cash equivalents at the beginning of the period/ year	789.18	838.79	838.79
Cash and cash equivalents at the end of the period/ year (Refer Note 11)	3,883.52	293.59	789.18
Components of cash and cash equivalents as at	(In ₹ Million)	-	(In ₹ Million)
Cash on hand	0.01	0.01	0.01
Bank Balances with Banks	3,883.51	293.58	789.17
Cash and cash equivalents (Refer Note 11)	3,883.52	293.59	789.18
Summary of significant accounting policies	3		

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

As per our report of even date

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

For and on behalf of the Board of Directors of
Persistent Systems, Inc.

Shashi Tadwalkar
 Partner
 Membership No. :- 101797

Dr. Anand Deshpande
 Director

Thomas Klein
 Director

Place: Mumbai
 Date : October 23, 2021

Place: Pune
 Date : October 23, 2021

Place: Santa Clara
 Date : October 23, 2021

Persistent Systems, Inc.**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021****A. Equity share capital**

(Refer Note: 4)

(In ₹ Million)

Balance as at April 1, 2021	Changes in equity share capital during the period	Balance as at September 30, 2021
2,478.01	-	2,478.01

(In ₹ Million)

Balance as at April 1, 2020	Changes in equity share capital during the period	Balance as at September 30, 2020
2,478.01	-	2,478.01

(In ₹ Million)

Balance as at April 1, 2020	Changes in equity share capital during the year	Balance as at March 31, 2021
2,478.01	-	2,478.01

(This space is intentionally left blank)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021

B. Other equity

(In ₹ Million)

Particulars			Items of other comprehensive income	Total
	Share application money pending allotment	Retained earnings	Exchange differences on translating the financial statements of foreign operations**	
Balance as at April 1, 2021	-	(94.33)	531.37	437.04
Net Loss for the period	-	(55.16)	-	(55.16)
Share Application money pending allotment*	2,969.60	-	-	2,969.60
Change during the period	-	-	44.46	44.46
Balance as at September 30, 2021	2,969.60	(149.49)	575.83	3,395.94

(In ₹ Million)

Particulars			Items of other comprehensive income	Total
	Share application money pending allotment	Retained earnings	Exchange differences on translating the financial statements of foreign operations*	
Balance as at April 1, 2020	-	73.54	637.20	710.74
Net Loss for the period	-	(248.94)	-	(248.94)
Change during the period	-	-	(76.99)	(76.99)
Balance as at September 30, 2020	-	(175.40)	560.21	384.81

(In ₹ Million)

Particulars			Items of other comprehensive income	Total
	Share application money pending allotment	Retained earnings	Exchange differences on translating the financial statements of foreign operations*	
Balance as at April 1, 2020	-	73.54	637.20	710.74
Net Loss for the year	-	(167.87)	-	(167.87)
Change during the year	-	-	(105.83)	(105.83)
Balance as at March 31, 2021	-	(94.33)	531.37	437.04

* Share Application Money Pending Allotment represents the amount received on the application on which allotment is not yet made (pending allotment)

****Nature and purpose of reserves:**
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, net of taxes and is presented within equity in the foreign currency translation reserve.

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

As per our report of even date

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

For and on behalf of the Board of Directors of
Persistent Systems, Inc.

Shashi Tadwalkar
Partner
Membership No. :- 101797

Dr. Anand Deshpande **Thomas Klein**
Director Director

Place: Pune
Date : October 23, 2021

Place: Pune Place: Santa Clara
Date : October 23, 2021 Date : October 23, 2021

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

1. Nature of operations

Persistent Systems, Inc. ("The Company") is a wholly owned subsidiary of Persistent Systems Limited ("The holding Company") The Company is specializing in software product, services and technology innovation.

2. Basis of preparation

The special purpose condensed interim financial statements for the quarter and half year ended September 30, 2021 of the Company have been prepared solely for the purpose of consolidation with the holding Company. These condensed interim financial statements have been prepared in accordance with the recognition and measurement principle of Ind AS 34, Interim Financial Reporting (Ind AS 34), as issued under Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") except for presentation and disclosures requirement as required under the standard and the Act.

The Special purpose condensed interim financial statement has been prepared solely to enable the Company's management to provide information for the consolidation with the holding Company.

While preparing these condensed interim financial statements, the Company has presented the following:

- a. Balance Sheet as at September 30, 2021
- b. Statement of Profit and Loss for the quarter and half year ended September 30, 2021
- c. Statement of Cash Flow for the half year ended then ended
- d. Statement of Changes in Equity for the half year then ended
- e. Selected explanatory notes

Accordingly, these special purpose condensed interim financial statements include only the disclosure which are required for condensed interim Consolidated Financial Statements of the Holding Company and among other things, do not include notes and disclosures pertaining to Ind AS 24 (Related Party Disclosures), Ind AS 113 (Fair Value Measurement) and Ind AS 107 (Financial Instrument: Disclosures) which are required to be disclosed in accordance with paragraph 15B and paragraph 16A of Ind AS 34. Accordingly, these financial statements may not be suitable for another purpose.

3. Summary of significant accounting policies

A. Accounting year

The accounting year of the Company is From April 01, 2021 to March 31, 2022.

B. Functional currency

The Company's functional currency is the U.S. Dollar. To facilitate consolidation in Parent Company, these financial statements are presented in INR, which is the presentation currency. The results and balances are translated from functional currency to presentation currency using the following procedure:

- i. All assets and liabilities are translated at the closing rate as at the date of the balance sheet;
- ii. All Income and Expense items are converted at weighted average of Inter Bank Selling Rate for the period/year;
- iii. The equity share capital is translated on the date of transaction;
- iv. The exchange difference arising out of the period/year-end conversion is transferred to Currency Translation Reserve and recognised in Other Comprehensive Income and the said amount is shown under the head "Other Equity".

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

C. Use of estimates

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

(b) 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.

i. 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.

ii. 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.

(c) Critical accounting estimates

i. Revenue recognition

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

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

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

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

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

ii. **Income taxes**

The Company's major tax jurisdiction is United States of America, 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 of the amount required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

v. **Leases**

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

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

D. Property, plant and equipment

Property, plant and equipment assets 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 original cost only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from disposal of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

E. 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 directly attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangible assets, excluding capitalized development costs are reflected as expenditure in the statement of profit and loss in the reporting period in which these are incurred.

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 derecognized.

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 and use or sell it;
- 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 intangibles 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 beings when the development is complete and the asset is available for use.

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

F. Business combinations:

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of:

- Fair values of the assets transferred;
- Liabilities incurred to the former owners of the acquired business;
- Equity interests issued by the Group; and
- Fair value of any asset or liability resulting from a contingent consideration arrangement.

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

Acquisition-related costs are expensed as incurred.

The excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in the acquired entity, and
- Acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill.

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

Business Combinations – common control transactions

Business combinations involving entities that are controlled by the group are accounted for using the pooling of interest method as follows:

- The asset and liabilities of the combining entities are reflected at their carrying amounts. Adjustments are only made to harmonise accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information restated only from that date.
- The balance of the retained earnings appearing in the financial statement of the transferor is aggregated with the corresponding balance appearing in the financial statement of the transferee or is adjusted against general reserve.
- The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.
- The difference, if any, between the accounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of transferor is transferred to capital reserve and is presented separately from other capital reserves.

Persistent Systems, Inc.

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

G. 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
Furniture and fixtures*	5 years

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

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

Intangible assets are amortized on a straight-line basis over their estimated useful lives ranging from 2 to 6 years from the day the asset is made available for use.

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

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

H. Borrowing Cost:

Borrowing cost includes interest and 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 period in which they occur.

I. Financial instruments

Initial recognition

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

A. Non-derivative financial instruments

Subsequent measurement

i. Financial assets

Financial assets at amortized cost

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

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

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

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

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

ii. Financial liabilities

Financial liabilities at amortised cost

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

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

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

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

Investments in subsidiaries, associates and joint ventures

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

B. Derivative financial instruments

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

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

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

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

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

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

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

C. Derecognition

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

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

D. Fair value of financial instruments

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

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

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

E. Impairment of financial assets

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

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

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

J. Revenue recognition

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

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

i. Income from software services and products

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

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

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

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

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

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

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

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

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

ii. Interest

Income from interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. 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 dividend is established. Dividend income is included under the head ‘Other income’ in the statement of profit and loss.

K. Foreign currency transaction and translation

i. Initial recognition

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

ii. Conversion

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

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

iii. Settlement:

Revenue, 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/year in which the transaction is settled.

L. Retirement and other employee benefits

Leave encashment

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

M. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the tax laws prevailing in United States. 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.

N. Cash and cash equivalents

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

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

O. Leases

The Company's lease asset classes primarily consist of leases for office premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

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

Where the Company is a lessee

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

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

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

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

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

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

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

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

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

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

Company as a lessor

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

P. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period/year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period/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 period/year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period/year are adjusted for the effects of all dilutive potential equity shares.

Q. Provisions

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

R. 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.

The Company does not recognize a contingent liability but discloses its existence in the financial statements.

S. 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.

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

The expense or credit recognized by the Company in the statement of profit and loss for the period/year represents the movement in cumulative expense recognized as at the beginning and end of that period/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.

T. Equity

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

U. Dividend

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

(This space is intentionally left blank)

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

4. Share capital

	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021
Authorised (In USD Million)			
650,000,000 (Corresponding period/Previous year 650,000,000) Common Shares of \$0.10 each	\$ 65	\$ 65	\$ 65
	\$ 65	\$ 65	\$ 65
Issued, subscribed and paid-up (In ₹ Million)			
402,000,000 (Corresponding period/Previous year 402,000,000) Common Shares of \$0.10 each fully paid up. All shares are held by Holding Company i.e. Persistent Systems Limited.	2,478.01	2,478.01	2,478.01
	2,478.01	2,478.01	2,478.01

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period/year:

	As At September 30, 2021		As At September 30, 2020		As At March 31, 2021	
	No. of Shares	Amount (In ₹ Million)	No. of Shares	Amount (In ₹ Million)	No. of Shares	Amount (In ₹ Million)
No. of Shares at the beginning of the reporting period/year	402,000,000	2,478.01	402,000,000	2,478.01	402,000,000	2,478.01
Add : Additional Shares issued during the period/year	-	-	-	-	-	-
No. of Shares at the end of the reporting period/year	402,000,000	2,478.01	402,000,000	2,478.01	402,000,000	2,478.01

(This space is intentionally left blank)

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS
5.1 Property, plant and equipment

(In ₹ Million)

	Office Equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
Gross block					
As at April 1, 2021	35.70	237.37	122.51	0.76	396.34
Additions	0.95	61.66	-	-	62.61
Disposals	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	0.55	3.97	1.61	0.01	6.14
As at September 30, 2021	37.20	303.00	124.12	0.77	465.09
Accumulated depreciation					
As at April 1, 2021	32.12	208.95	114.54	0.62	356.23
Charge for the period	1.53	13.86	3.74	0.06	19.19
Disposals	-	-	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	0.77	3.85	1.51	0.01	6.14
As at September 30, 2021	34.42	226.66	119.79	0.69	381.56
Net block					
As at September 30, 2021	2.78	76.34	4.33	0.08	83.53
As at March 31, 2021	3.58	28.42	7.97	0.14	40.11

(In ₹ Million)

	Office Equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
Gross block					
As at April 1, 2020	36.87	236.97	123.59	0.78	398.21
Additions	-	7.82	2.93	-	10.75
Disposals	-	(4.56)	-	-	(4.56)
Effect of foreign currency translation from functional currency to reporting currency	(0.88)	(5.58)	(3.19)	(0.02)	(9.67)
As at September 30, 2020	35.99	234.65	123.33	0.76	394.73
Accumulated depreciation					
As at April 1, 2020	28.25	200.31	103.41	0.50	332.47
Charge for the period	2.80	10.73	8.88	0.06	22.47
Disposals	-	(4.56)	-	-	(4.56)
Effect of foreign currency translation from functional currency to reporting currency	(0.71)	(4.65)	(2.75)	0.02	(8.13)
As at September 30, 2020	30.34	201.83	109.54	0.54	342.25
Net block					
As at September 30, 2020	5.65	32.82	13.79	0.22	52.48
As at March 31, 2020	8.62	36.66	20.18	0.28	65.74

(In ₹ Million)

	Office Equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
Gross block					
As at April 1, 2020	36.87	236.97	123.59	0.78	398.21
Additions	-	12.54	2.88	-	15.42
Disposals	-	(4.52)	-	-	(4.52)
Effect of foreign currency translation from functional currency to reporting currency	(1.17)	(7.62)	(3.96)	(0.02)	(12.77)
As at March 31, 2021	35.70	237.37	122.51	0.76	396.34
Accumulated depreciation					
As at April 1, 2020	28.25	200.31	103.41	0.50	332.47
Charge for the year	5.12	20.98	14.57	0.13	40.80
Disposals	-	(4.52)	-	-	(4.52)
Effect of foreign currency translation from functional currency to reporting currency	(1.25)	(7.82)	(3.44)	(0.01)	(12.52)
As at March 31, 2021	32.12	208.95	114.54	0.62	356.23
Net block					
As at March 31, 2021	3.58	28.42	7.97	0.14	40.11
As at March 31, 2020	8.62	36.66	20.18	0.28	65.74

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS
5.2 Other Intangible assets

	(In ₹ Million)		
	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2021	1,195.01	3,307.51	4,502.52
Additions	-	180.25	180.25
Effect of foreign currency translation from functional currency to reporting currency	15.78	46.80	62.58
As at September 30, 2021	1,210.79	3,534.56	4,745.35
Accumulated Amortization			
As at April 1, 2021	1,194.98	3,145.16	4,340.14
Charge for the period	0.04	90.53	90.57
Effect of foreign currency translation from functional currency to reporting currency	15.77	40.57	56.34
As at September 30, 2021	1,210.79	3,276.26	4,487.05
Net block			
As at September 30, 2021	-	258.30	258.30
As at March 31, 2021	0.03	162.35	162.38

	(In ₹ Million)		
	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2020	1,234.16	3,162.16	4,396.32
Additions	-	254.44	254.44
Effect of foreign currency translation from functional currency to reporting currency	(28.63)	(86.35)	(114.98)
As at September 30, 2020	1,205.53	3,330.25	4,535.78
Accumulated Amortization			
As at April 1, 2020	1,233.99	2,557.29	3,791.28
Charge for the period	0.08	375.96	376.04
Effect of foreign currency translation from functional currency to reporting currency	(28.62)	(70.45)	(99.07)
As at September 30, 2020	1,205.45	2,862.80	4,068.25
Net block			
As at September 30, 2020	0.08	467.45	467.53
As at March 31, 2020	0.17	604.87	605.04

(This space is intentionally left blank)

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

	(In ₹ Million)		
	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2020	1,234.16	3,162.16	4,396.32
Additions	-	254.08	254.08
Effect of foreign currency translation from functional currency to reporting currency	(39.15)	(108.73)	(147.88)
As at March 31, 2021	1,195.01	3,307.51	4,502.52
Accumulated Amortization			
As at April 1, 2020	1,233.99	2,557.29	3,791.28
Charge for the year	0.13	675.30	675.43
Effect of foreign currency translation from functional currency to reporting currency	(39.14)	(87.43)	(126.57)
As at March 31, 2021	1,194.98	3,145.16	4,340.14
Net block			
As at March 31, 2021	0.03	162.35	162.38
As at March 31, 2020	0.17	604.87	605.04

5.3 Right-of-use asset

	(In ₹ Million)
	Office Premises
Gross block	
As at April 1, 2021	254.67
Additions	-
Disposals	(19.33)
Effect of foreign currency translation from functional currency to reporting currency	3.35
As at September 30, 2021	238.69
Accumulated depreciation	
As at April 1, 2021	112.82
Charge for the period	30.67
Disposals	(19.33)
Effect of foreign currency translation from functional currency to reporting currency	1.35
As at September 30, 2021	125.51
Net block	
As at September 30, 2021	113.18
As at March 31, 2021	141.85
	(In ₹ Million)
	Office Premises
Gross block (At cost)	
As at April 1, 2020	217.69
Additions	84.99
Disposals	(39.16)
Effect of foreign currency translation from functional currency to reporting currency	(7.04)
As at September 30, 2020	256.48
Accumulated depreciation	
As at April 1, 2020	88.70
Charge for the period	33.34
Disposals	(39.16)
Effect of foreign currency translation from functional currency to reporting currency	(2.14)
As at September 30, 2020	80.74
Net block	
As at September 30, 2020	175.74
As at March 31, 2020	128.99

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

	(In ₹ Million)
	Office Premises
Gross block (At cost)	
As at April 1, 2020	217.69
Additions	83.22
Disposals	(38.73)
Effect of foreign currency translation from functional currency to reporting currency	(7.51)
As at March 31, 2021	254.67
Accumulated depreciation	
As at April 1, 2020	88.70
Charge for the year	65.76
Disposals	(38.73)
Effect of foreign currency translation from functional currency to reporting currency	(2.91)
As at March 31, 2021	112.82
Net block	
As at March 31, 2021	141.85
As at March 31, 2020	128.99

5.4 Depreciation and amortization

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)
On Property, plant and equipment	10.26	10.90	19.19	22.47	40.80
On Other intangible assets	47.68	190.78	90.57	376.04	675.43
On Right-of-use asset	14.41	16.60	30.67	33.34	65.76
	72.35	218.28	140.43	431.85	781.99

(This space is intentionally left blank)

Persistent Systems, Inc.
NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS
6. Non-current financial assets : Investments

	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	As at March 31, 2021 (In ₹ Million)
Investments carried at cost			
Unquoted investments			
Investments in Equity Instruments			
-In Wholly owned Subsidiary Companies			
Persistent Telecom Solutions, Inc.			
2,480 (Corresponding period/Previous year 2,480) shares of \$ 0.001 each, fully paid up	460.23	457.28	453.28
Less: Provision for diminution in value of investment	(460.23)	(457.28)	(453.28)
Aepona Group Limited			
5,644,820 Class "A" ordinary shares of Euro 0.012 each and 544,417,875,500 Class "B" ordinary shares of GBP 0.000001 each (Corresponding period/Previous year: 5,644,820 Class "A" ordinary shares of Euro 0.012 each and 544,417,875,500 Class "B" ordinary shares of GBP 0.000001 each)	167.54	166.47	165.01
Less: Provision for diminution in value of investment	(167.54)	(166.47)	(165.01)
Persistent Systems Israel Limited	7.50	7.46	7.39
3,867,400 (Corresponding period/Previous year: 3,867,400) ordinary shares of 0.1 NIS par value			
Persistent Systems Mexico, S.A. de C. V	4.01	3.98	3.95
99,999 (Corresponding period/Previous year 99,999) ordinary shares of 0.1 Pesos par value			
Persistent Systems S.R.L	0.89	-	0.87
10000 (Corresponding period: Nil/Previous year: 10000) ordinary shares of EUR 1 each			
CAPIOT Software Inc	72.64	-	70.84
5,194,541 (Corresponding period: Nil/Previous year: 5,194,541) Common Stock of \$ 0.01 each, fully paid up			
Total carried at cost	85.04	11.44	83.05
Designated as Fair Value through Profit and Loss			
Unquoted Investments			
Investments in Common Stocks / Preferred Stocks			
Hyginex, Inc.			
250,000 (Corresponding period/Previous year - 250,000) Preferred shares of \$ 0.001 each, fully paid up	14.85	14.75	14.62
Add / (less): Change in fair value of investment	(14.85)	(14.75)	(14.62)
OpsDataStore, Inc.			
Nil (Corresponding period/Previous year - 200,000) Preferred shares of \$ 0.001 each, fully paid up	-	14.75	14.62
Add / (less): Change in fair value of investment	-	(14.75)	(14.62)
Trunomi, Inc.			
277,778 (Corresponding period/Previous year - 277,778) Preferred shares of \$ 0.0002 each, fully paid up	18.56	18.44	18.28
Ampool, Inc.			
545,494 (Corresponding period/Previous year - 545,494) Preferred shares of \$ 0.4583 each, fully paid up	18.56	18.44	18.28
Add / (less): Change in fair value of investment	(15.73)	(18.44)	(18.28)
Cazena, Inc. (Refer Note ^a)			
588,638 Common shares of \$ 0.0001 each (Corresponding period/Previous year - 588,638 Common shares of \$ 0.0001 each) , fully paid up	-	147.51	146.22
Add / (less): Change in fair value of investment	-	-	-
In DxNow			
169,975 Preference shares of \$ 0.0001 each (Corresponding period: Nil/Previous year - Convertible Note of \$ 125,000 each, Add / (less): Change in fair value of investment	9.28	-	9.14
	(9.28)	-	(9.14)
In Akumina Inc.			
400,667 Preference shares of \$ 0.443 each (Corresponding period: Nil/Previous Year Note of \$ 146,429 each, fully paid up)	13.18	-	12.98
Total carried at fair value	34.57	165.95	177.48

^aCazena Inc. been acquired by another corporation during the quarter. Accordingly, the company has written off the entire amount of investment of Rs. 148.46 million in the half year ended September 30, 2021 since the company does not expect any realisable value of the investment.

(This space is intentionally left blank)

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

6. Non-current financial assets : Investments (continued)

	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	As at March 31, 2021 (In ₹ Million)
Investments in Convertible Notes			
In DxNow			
(Corresponding period/Previous year - Convertible Note of \$ 125,000 each, fully paid up)	-	9.22	-
Add / (less): Change in fair value of investment		(9.22)	-
In Ustyme			
Note of \$ 250,000 each, fully paid up (Corresponding period/Previous year - \$ 250,000)	18.56	18.44	18.28
Add / (less): Change in fair value of investment	(5.92)	(18.44)	(18.28)
In Akumina Inc.			
Note of \$ 146,429 each, fully paid up (Corresponding period/Previous year- \$ 146,429)	-	10.80	-
Total investment carried at fair value	12.64	10.80	-
Total Investments	132.25	188.19	260.53
Aggregate amount of diminution in fair value of investments / change in fair value of investment	673.55	699.35	693.23
Aggregate amount of Quoted investments	-	-	-
Aggregate amount of Unquoted investments	805.80	887.54	953.76

7. Deferred tax asset/ (liability) (net)

	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	As at March 31, 2021 (In ₹ Million)
Deferred tax assets			
Provision for expected credit loss	38.08	32.25	39.11
Employee related payments	110.42	80.88	86.23
Leave encashment	87.75	84.35	84.20
Tax Credit	393.43	272.15	373.34
Diminution in Investment	52.11	103.61	17.40
Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets	17.74	-	29.44
Difference in Book values and tax base values of ROU asset and lease liability	3.56	4.60	4.09
Others	-	24.04	-
	703.09	601.88	633.81
Deferred tax liability			
Utilisation of accumulated losses of wholly owned subsidiary	-	(2.22)	-
Differences in book values and tax base values of block of Property, plant and equipment and other intangible assets	-	(21.35)	-
Others	(7.26)	-	(6.05)
Deferred tax asset/(liability) (net)	695.83	578.31	627.76

(This space is intentionally left blank)

Persistent Systems, Inc.**NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS****8. Non current financial assets : loans**

	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	As at March 31, 2021 (In ₹ Million)
Long-term borrowings			
Loans to related parties (Unsecured, considered good) at amortised cost			
- Persistent Systems México, S.A. de C.V. (Repayment terms : At the end of three years) (Rate of Interest: Libor + 225 bps) (Corresponding period/ Previous year: Rate of Interest: Libor + 70 bps)	-	73.76	73.11
- Interest accrued but not due at amortised cost	-	4.39	5.29
	-	78.15	78.40
PARX Consulting GmbH (Repayment terms : At the end of three years) (Rate of Interest: Libor + 225 bps)	64.56	60.43	64.34
- Interest accrued but not due at amortised cost	0.28	1.26	1.78
	64.84	61.69	66.12
PARX Werk AG (Repayment terms : At the end of three years) (Rate of Interest: 3%) (Corresponding period/ Previous year: Rate of Interest: Libor + 225 bps)	-	71.89	45.67
- Interest accrued but not due at amortised cost	-	2.01	3.46
	-	73.90	49.13
Youperience GmbH (Repayment terms : At the end of three years) (Rate of Interest: Libor + 225 bps)	-	16.41	-
- Interest accrued but not due at amortised cost	-	0.09	-
	-	16.50	-
-Persistent Systems France SAS (Repayment terms : At the end of three years) (Rate of Interest: Libor + 225 bps)	-	73.76	-
- Interest accrued but not due at amortised cost	-	0.18	-
	-	73.94	-
-Persistent Systems Germany GmbH (Repayment terms : At the end of three years) (Rate of Interest: Libor + 225 bps)	178.87	70.07	142.25
- Interest accrued but not due at amortised cost	1.96	0.34	1.45
	180.83	70.41	143.70
-CAPIOT Software Inc (Repayment terms : At the end of three years) (Rate of Interest: Libor + 225 bps)	38.81	-	38.22
- Interest accrued but not due at amortised cost	0.06	-	0.02
	38.87	-	38.24
Security deposits			
Unsecured, considered good	8.65	9.50	-
	293.19	384.09	375.59

(This space is intentionally left blank)

Persistent Systems, Inc.**NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS****9. Other non-current assets**

	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	As at March 31, 2021 (In ₹ Million)
Unsecured, considered good			
Advances recoverable in cash or kind or for value to be received	95.18	0.63	-
	95.18	0.63	-

10. Trade receivables

	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	As at March 31, 2021 (In ₹ Million)
Unsecured, considered good	3,984.36	3,888.06	3,396.20
Unsecured, credit impaired	122.30	120.77	124.17
	4,106.66	4,008.83	3,520.37
Less : Allowance for expected credit loss	(122.30)	(120.77)	(124.17)
	3,984.36	3,888.06	3,396.20

11. Cash and cash equivalents

	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	As at March 31, 2021 (In ₹ Million)
Cash and cash equivalents as presented in cash flow statement			
Cash on hand	0.01	0.01	0.01
Balances with banks			
-On current accounts	3,883.51	293.58	789.17
	3,883.52	293.59	789.18

12. Current financial assets : loans

	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	As at March 31, 2021 (In ₹ Million)
Carried at amortised cost			
Unsecured considered good			
Loans to related parties			
- Aepona Limited, UK	-	59.00	12.79
(Repayment terms : At the end of three years) (Rate of Interest: Libor + 200 bps)			
Less: Impairment	-	(59.00)	(12.79)
- Persistent Systems México, S.A. de C.V.	74.32	-	-
(Repayment terms : At the end of three years) (Rate of Interest: Libor + 225 bps) (Corresponding period/ Previous year: Rate of Interest: Libor + 70 bps)			
- Interest accrued but not due at amortised cost	1.67		
PARX Werk AG	46.37	-	-
(Repayment terms : At the end of three years) (Rate of Interest: 3%) (Corresponding period/ Previous year: Rate of Interest: Libor + 225 bps)			
- Interest accrued but not due at amortised cost	4.18	-	-
- Persistent Systems France SAS	85.36	-	-
(Repayment terms : At the end of three years) (Rate of Interest: Libor + 225 bps)			
- Interest accrued but not due at amortised cost	0.22	-	-
Interest accrued on loan to related parties			
- Aepona Limited, UK	-	2.54	2.92
Loans to Others			
Loan to LHS Solutions, Inc.	22.25	22.10	21.91
- Interest accrued but not due at amortised cost	1.75	1.67	1.73
Less: Impairment	(24.00)	-	(23.64)
Security deposits			
Unsecured, considered good	21.76	21.63	30.85
	233.88	47.94	33.77

(This space is intentionally left blank)

13. Other current financial assets

	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	As at March 31, 2021 (In ₹ Million)
Advance to related parties			
Unsecured, considered good			
- Persistent Systems France SAS	4.94	6.07	4.86
- Valista Limited Ireland	-	0.04	-
- Aepona Limited, UK	7.45	29.46	29.20
Less: Credit Impaired	(7.45)	(29.46)	(29.20)
- PARX Consulting GmbH	-	3.38	-
- Persistent Systems Germany GmbH	-	8.38	-
- Persistent Systems S.R.L.	0.02	-	0.03
- Persistent Systems México, S.A. de C.V.	0.05	-	0.05
	5.01	17.87	4.94
Unbilled Revenue	1,445.11	754.27	1,074.88
	1,445.11	754.27	1,074.88
	1,450.12	772.14	1,079.82

14. Other current assets

	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	As at March 31, 2021 (In ₹ Million)
Unsecured, considered good			
Advances recoverable in cash or kind or for value to be received	146.93	97.85	296.27
Others	1.55	1.34	1.10
	148.48	99.19	297.37

(This space is intentionally left blank)

Persistent Systems, Inc.
NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS
15. Lease liabilities

	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	As at March 31, 2021 (In ₹ Million)
Lease liabilities	126.19	192.91	157.58
Less: Current portion of lease liabilities	(58.13)	(75.36)	(67.84)
	68.06	117.55	89.74

Movement of lease liabilities

	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	For the year ended March 31, 2021 (In ₹ Million)
Opening balance	157.58	146.33	146.33
Additions during the period	-	82.82	82.10
Deletions during the period	-	-	(38.20)
Add: Interest recognised during the period	3.74	5.87	10.45
Less: Payments made	(35.13)	(42.11)	(43.10)
Closing balance	126.19	192.91	157.58

16. Trade payables

	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	As at March 31, 2021 (In ₹ Million)
Trade payables for goods and services	3,567.50	2,777.66	2,629.89
	3,567.50	2,777.66	2,629.89

17. Current financial liabilities : Others

	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	As at March 31, 2021 (In ₹ Million)
Accrued employee liabilities	295.67	7.82	3.07
Advances from related parties (unsecured, considered good)			
- Persistent Systems Limited	22.00	13.40	13.79
- Persistent Telecom Solutions, Inc.	1.44	-	-
- Persistent Systems Lanka (Private) Limited	-	0.41	-
- Aepona Group Limited	-	34.60	-
Payable to Selling shareholders	11.66	-	11.92
	330.77	56.23	28.78

18. Other current liabilities

	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	As at March 31, 2021 (In ₹ Million)
Unearned revenue	392.69	378.82	418.34
Advance from customers	295.33	112.23	179.71
VAT payable (net)	-	-	1.72
Statutory liabilities - other current liabilities	14.54	-	-
Other	11.06	-	-
	713.62	491.05	599.77

19. Provisions

	As at September 30, 2021 (In ₹ Million)	As at September 30, 2020 (In ₹ Million)	As at March 31, 2021 (In ₹ Million)
Provision for employee benefits			
- Leave encashment	338.29	322.41	321.39
- Other employee benefits	552.26	340.19	693.29
	890.55	662.60	1,014.68

(This space is intentionally left blank)

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS**20. Revenue from operations (net)**

	September 30, 2021	For the quarter ended September 30, 2020	September 30, 2021	For the half year ended September 30, 2020	For the year ended March 31, 2021
	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)
Software licenses	169.95	39.04	260.46	165.12	419.72
Software services	7,396.71	6,005.74	14,139.45	11,659.60	23,804.62
	7,566.66	6,044.78	14,399.91	11,824.72	24,224.34

21. Other income

	September 30, 2021	For the quarter ended September 30, 2020	September 30, 2021	For the half year ended September 30, 2020	For the year ended March 31, 2021
	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)
Interest on financial assets carried at amortised cost	2.80	2.66	4.00	7.48	12.75
Gain on financial assets at FVTPL	15.38	-	15.38	-	-
Excess provision in respect of earlier years written back	5.23	-	5.23	-	-
Miscellaneous income	8.50	3.18	10.27	5.83	8.54
	31.91	5.84	34.88	13.31	21.29

(This space is intentionally left blank)

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS
22. Personnel expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)
22.1 Employee benefits expense					
Salaries, wages and bonus	2,292.50	2,154.99	4,446.16	4,110.44	8,438.68
Share based payments to employees	41.64	-	87.46	34.56	54.11
Staff welfare and benefits	14.60	3.74	19.28	4.97	13.55
	2,348.74	2,158.73	4,552.90	4,149.97	8,506.34
22.2 Cost of professionals					
- Related parties	3,049.16	2,305.63	5,867.76	4,452.57	9,152.54
- Others	1,643.69	1,232.00	3,169.52	2,495.21	4,848.31
	4,692.85	3,537.63	9,037.28	6,947.78	14,000.85
	7,041.59	5,696.36	13,590.18	11,097.75	22,507.19

23. Other expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)	(In ₹ Million)
Traveling and conveyance	16.56	19.38	87.40	64.93	108.29
Electricity expenses	-	1.18	1.84	3.15	4.83
Internet link expenses	1.74	1.83	3.95	4.40	8.69
Communication expenses	2.78	5.83	9.65	9.11	18.95
Recruitment expenses	12.72	12.61	26.99	24.11	55.29
Training and seminars	0.47	0.03	4.05	4.78	6.62
Purchase of software licenses and support expenses	159.97	83.73	233.49	276.12	534.72
Bad debts	-	-	-	-	21.21
Provision for expected credit loss (net)	(3.11)	40.52	(3.75)	48.59	53.54
Rent	0.70	0.95	1.20	2.71	3.96
Insurance	0.60	-	1.29	-	0.30
Rates, fees and profession tax	10.69	4.37	22.21	14.37	22.84
Legal and professional fees	94.76	68.63	144.02	129.34	253.31
Repairs and maintenance					
- Plant and machinery	1.18	0.58	1.56	1.24	2.71
- Others	1.74	0.05	1.76	0.10	1.07
Commission on sales	10.63	7.56	17.06	15.06	38.06
Advertisement and sponsorship fees	15.95	18.00	27.43	30.44	56.45
Computer consumables	0.12	0.55	0.39	0.65	1.25
Auditor's remuneration	-	0.17	1.13	0.25	2.15
Donations	-	(0.29)	-	29.98	29.65
Books, memberships, subscriptions	4.52	1.10	6.00	3.86	6.84
Impairment of non current investments	-	-	-	-	18.53
Inter corporate deposits written off	-	-	-	-	0.04
Diminution loss on financial assets designated as at FVTPL-Others	-	(0.18)	-	18.74	-
(Reversal of Impairment loss) / Impairment loss on financial assets carried at amortized cost	(20.65)	(37.02)	(34.99)	(84.71)	(106.13)
Investment written off	74.10	-	147.63	-	-
Foreign exchange loss/ (gain) (net)	(12.99)	29.54	(5.72)	40.30	1.73
Miscellaneous expenses	39.08	46.56	119.61	75.06	174.57
	411.56	305.68	814.20	712.58	1,319.47

(This space is intentionally left blank)

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

24. Earnings per share

Particulars		For the quarter ended		For the half year ended		For the year ended
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
Basic earnings per share						
<u>Numerator</u>						
Net Profit/(Loss) after tax (In ₹ Million)	A	80.10	(101.01)	(55.16)	(248.94)	(167.87)
<u>Denominator</u>						
Weighted average number of equity share	B	402,000,000	402,000,000	402,000,000	402,000,000	402,000,000
<u>Denominator for Diluted EPS</u>						
Weighted average number of equity shares	C	402,000,000	402,000,000	402,000,000	402,000,000	402,000,000
Basic earnings per share (In ₹) (Face value of US \$ 0.10 each)	A / B	0.20	(0.25)	(0.14)	(0.62)	(0.42)
Diluted earnings per share (In ₹) (Face value of US \$ 0.10 each)	A / C	0.20	(0.25)	(0.14)	(0.62)	(0.42)

(This space is intentionally left blank)

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

25. Contingent liability

Persistent Systems, Inc., has given commercial guarantee of 30 million Euros (Previous year: 30 Million Euros) to Tech Data Europe GmbH on behalf of Persistent Systems France SAS. For the said guarantee, Persistent Systems, Inc. has charged guarantee fees of 0.25% of the guarantee amount.

Persistent Systems, Inc., subsidiary of Persistent Systems Limited, has also given a performance guarantee up to \$ 3 million to United States Cellular Corporation (USCC) Services and its affiliates towards trade payable of Aepona Limited.

26. Recent Pronouncements

On June 18, 2021, MCA through a notification has notified Companies (Indian Accounting Standards) Amendment Rules, 2021. The notification has made amendments to various Ind AS. Some of the key amendments are:

(a) Ind AS 116 – COVID-19-Related Rent Concessions

The economic challenges presented by the COVID-19 pandemic have persisted longer than anticipated, and therefore the practical expedient relating to rent concessions arising as a consequence of COVID-19 has been modified. Accordingly, lessees are now exempted from assessing whether a COVID-19-related rent concession is a lease modification, if the reduction in lease payments affects only payments originally due on or before June 30, 2022. Earlier the practical expedient was allowed only for lease payments originally due on or before June 30, 2021. A lessee should apply the amendments for annual reporting periods beginning on or after April 1, 2021. The Company does not expect any impact on its financial statements due to this amendment.

(b) Interest Rate Benchmark Reform – Phase 2

This amendment relates to 'Interest Rate Benchmark Reform — Phase 2 (Amendments to Ind AS 104, Ind AS 107, Ind AS 109 and Ind AS 116)' which addresses issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. Some of the key amendments arising from the interest rate benchmark are:

Ind AS 109: New guidance has been included on changes in the basis for determining the contractual cashflows as a result of interest rate benchmark reform. An entity should apply the amendments for annual reporting periods beginning on or after April 1, 2021.

Ind AS 107: Additional disclosures related to nature and extent of risks to which the entity is exposed from financial instruments subject to interest rate benchmark reform and how the entity manages these risks. An entity should apply the amendments when it applies amendments to Ind AS 109, Ind AS 104 or Ind AS 116.

The Company does not expect the amendments to have any significant impact in its financial statements.

(c) Amendments to Ind AS consequential to Conceptual Framework under Ind AS

The amendments relating to Ind AS 102, Share-based Payment; Ind AS 103, Business Combinations; Ind AS 1, Presentation of Financial Statements; Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors; Ind AS 34, Interim Financial Reporting; Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets; Ind AS 38, Intangible Assets, are consequential due to changes in the Conceptual Framework under Ind AS, made in August 2020. The revised Conceptual Framework introduced some new concepts and clarifications along with revision in definitions and changes in recognition criteria of assets and liabilities under Ind AS. The Company does not expect the consequential amendments to have any significant impact in its financial statements.

Persistent Systems, Inc.

NOTES FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

27. Corresponding period's / Previous year's comparatives

Previous period/year figures have been regrouped wherever necessary to conform with the current period's classification.

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

For and on behalf of the Board of Directors of
Persistent Systems, Inc.

Shashi Tadwalkar
Partner
Membership No.: 101797

Dr. Anand Deshpande
Director

Thomas Klein
Director

Place: Pune
Date: October 23, 2021

Place: Pune
Date: October 23, 2021

Place: Santa Clara
Date: October 23, 2021

(This space is intentionally left blank)