

Audited statement of assets and liabilities

(In ₹ Million)

Particulars	As on September 30, 2020 (Audited)	As on September 30, 2019 (Audited)	As on March 31, 2020 (Audited)
ASSETS			
Non-current assets			
Property, Plant and Equipment	2,040.34	2,151.39	2,048.77
Capital work-in-progress	23.63	6.09	48.27
Right of Use assets	347.20	332.86	269.40
Other Intangible assets	174.53	62.41	46.97
Intangible assets under development	-	107.08	137.20
Financial assets			
- Investments	7,664.60	7,430.22	8,379.86
- Loans	101.45	118.50	123.57
-Other non-current financial assets	143.66	355.45	358.93
Deferred tax assets (net)	266.74	223.80	317.35
Other non-current assets (refer note 5)	319.71	310.64	329.39
Total non-current assets	11,081.86	11,098.44	12,059.71
Current assets			
Financial assets			
- Investments	4,933.32	1,522.23	5,164.77
- Trade receivables (net)	2,642.65	2,378.14	2,883.09
- Cash and cash equivalents	497.51	340.83	532.63
- Other bank balances	6,431.04	5,639.01	2,405.32
- Loans	7.16	4.83	4.76
- Other current financial assets	2,122.70	2,043.64	2,080.07
Other current assets	1,661.95	1,467.11	1,485.37
Total current assets	18,296.33	13,395.79	14,556.01
TOTAL ASSETS	29,378.19	24,494.23	26,615.72
EQUITY AND LIABILITIES			
Equity			
Equity share capital	764.25	764.25	764.25
Other equity	24,989.27	21,201.67	22,221.13
Total Equity	25,753.52	21,965.92	22,985.38
Liabilities			
Non-current liabilities			
Financial liabilities			
- Lease liabilities	254.94	249.05	191.26
- Borrowings	5.54	10.61	7.08
Provisions	225.80	168.76	182.79
Total Non-current liabilities	486.28	428.42	381.13
Current liabilities			
Financial liabilities			
- Lease liabilities	162.34	182.69	165.38
- Trade payables	824.85	736.44	972.49
- Other financial liabilities	146.82	120.87	549.73
Other current liabilities	872.53	622.10	851.02
Provisions	824.21	415.41	590.38
Current tax liabilities (net)	307.64	22.38	120.21
Total current liabilities	3,138.39	2,099.89	3,249.21
TOTAL EQUITY AND LIABILITIES	29,378.19	24,494.23	26,615.72

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020

	September 30, 2020	For the half year September 30, 2019	For the year ended March 31, 2020
	In ₹ Million	In ₹ Million	In ₹ Million
Cash flows from operating activities			
Profit before tax	3,169.77	2,458.09	5,329.06
Adjustments for:			
Interest income	(251.57)	(265.41)	(525.76)
Finance cost	18.59	24.11	44.51
Dividend income	(94.56)	(207.83)	(410.72)
Depreciation and amortization expense	270.87	278.71	555.12
Unrealised exchange loss / (gain) (net)	0.85	(25.31)	(128.86)
Exchange (gain) / loss on derivative contracts	(66.75)	(61.47)	58.51
Exchange loss / (gain) on translation of foreign currency cash and cash equivalents	0.41	(8.18)	(46.82)
Provision for doubtful debts (net)	47.56	29.90	47.31
Provision for doubtful deposits	-	150.00	248.48
Employee stock compensation expenses	73.01	22.75	60.01
Remeasurements of the defined benefit liabilities / asset (before tax effects)	30.94	(46.16)	(41.80)
Loss / (gain) on fair valuation of mutual funds	174.19	20.47	(119.02)
Profit on sale of investments (net)	(377.56)	(144.17)	(164.81)
Profit on sale of Property, Plant and Equipment (net)	(3.25)	(0.94)	-
Operating profit before working capital changes	2,992.50	2,224.56	4,905.21
Movements in working capital :			
Decrease / (Increase) in non-current and current loans	19.31	(0.29)	(5.29)
Increase in other non current assets	(2.74)	(281.54)	(261.04)
Decrease / (Increase) in other current financial assets	126.14	(211.36)	(246.75)
Increase in other current assets	(176.58)	(223.67)	(241.93)
Decrease / (Increase) in trade receivables	192.55	51.42	(373.81)
Increase / (Decrease) in trade payables, current liabilities and non current li	16.83	(292.70)	209.81
Increase / (Decrease) in provisions	276.84	(238.40)	(49.40)
Operating profit after working capital changes	3,444.85	1,028.02	3,936.80
Direct taxes paid (net of refunds)	(661.99)	(618.96)	(1,217.69)
Net cash generated from operating activities (A)	2,782.86	409.06	2,719.11
Cash flows from investing activities			
Payment towards capital expenditure (including intangible assets)	(328.08)	(277.35)	(483.57)
Proceeds from sale of Property, Plant and Equipment	7.59	1.06	4.08
Investment in wholly owned subsidiaries	-	(474.00)	(474.00)
Purchase of bonds	(520.48)	(171.47)	(901.61)
Proceeds from sale of bonds	172.84	330.38	819.87
Investments in mutual funds	(11,815.87)	(7,780.50)	(19,456.95)
Proceeds from sale / maturity of mutual funds	13,358.42	10,212.14	17,670.49
(Investments)/ maturity in bank deposits	(3,759.80)	(992.95)	2,044.25
Maturity of deposit with financial institutions	-	250.00	250.00
Interest received	154.76	101.50	484.68
Dividend received	-	207.83	410.72
Net cash (used in)/ generated from investing activities (B)	(2,730.62)	1,406.64	367.96
Cash flows from financing activities			
Repayment of long term borrowings	(3.18)	(3.21)	(4.62)
Payment of lease liabilities	(91.11)	(93.10)	(188.37)
Shares bought back	-	(1,677.01)	(1,677.01)
Specific project related grant received	9.00	3.00	3.00
Dividend paid	(1.33)	(229.28)	(1,144.60)
Tax on dividend paid	-	(47.99)	(154.14)
Interest paid	(0.33)	(0.58)	(0.64)
Net cash used in financing activities (C)	(86.95)	(2,048.17)	(3,166.38)

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020

	For the half year ended		For the year ended
	September 30, 2020	September 30, 2019	March 31, 2020
	In ₹ Million	In ₹ Million	In ₹ Million
Net decrease in cash and cash equivalents (A + B + C)	(34.71)	(232.47)	(79.31)
Cash and cash equivalents at the beginning of the period / year	532.63	565.12	565.12
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(0.41)	8.18	46.82
Cash and cash equivalents at the end of the period / year	497.51	340.83	532.63
Components of cash and cash equivalents			
Cash on hand	0.15	0.14	0.15
Balances with banks			
On current accounts #	305.97	153.06	198.79
On saving accounts	0.48	0.60	0.36
On Exchange Earner's Foreign Currency accounts	169.91	187.03	261.86
On deposit account with maturity of less than three months	21.00	-	71.47
Cash and cash equivalents	497.51	340.83	532.63

Out of the cash and cash equivalent balance as at September 30, 2020, the Company can utilise ₹ 0.12 Million (Corresponding period : ₹ 5.14 Million / Previous year: ₹ 6.62 Million) only towards research and development activities specified in the agreement.

Notes:

- 1 The audited interim condensed unconsolidated financial statements for the quarter and half year ended September 30, 2020, have been taken on record by the Board of Directors at its meeting concluded on October 23, 2020 as recommended by the Audit Committee at its meeting held on October 22, 2020. The statutory auditors have expressed an unqualified audit opinion. The information presented above is extracted from the audited interim condensed unconsolidated financial statements.
- 2 Mr. Christopher (Chris) O'Connor resigned from position of the Executive Director and Chief Executive Officer of the Company w.e.f. August 9, 2020.
- 3 The code on Social security, 2020 relating to employee benefits has been approved by the Parliament and has also been published in Official Gazette of India. However, the date on which it comes into effect has not been notified and the rules are yet to be framed. The Company will complete its evaluation and will give appropriate impact in its financial results in the period in which, the Code becomes effective and the related rules are published.
- 4 The Company has considered the possible effects that may result from COVID-19 in the preparation of these condensed interim unconsolidated financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of COVID-19, the Company has, at the date of approval of these condensed interim financial statements, used internal and external sources of information including internal credit evaluation report and related information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's condensed interim unconsolidated financial statements may differ from that estimated as at the date of approval of these condensed interim unconsolidated financial statements.
- 5 Post quarter ended 30 September 2020, the Company has received a show cause notice on 9th October, 2020 from the Directorate of Revenue Intelligence (DRI) in relation to export incentives aggregating Rs. 255.52 Million claimed by the Company in earlier years, in which the authorities have raised certain additional matters with applicable penalties. The Company, based on initial consultations with subject matter specialists/experts believes that its position will likely be upheld on ultimate resolution and hence, no provision has been considered in the financial results in this regard.
- 6 In accordance with para 4 of Notified Indian Accounting Standard 108 (Ind AS-108) "Operating Segments", the Company has disclosed segment information only on the basis of consolidated financial results.
- 7 The Board of Directors, at its meeting held through tele-conferencing on October 21, 2020, October 22, 2020 and concluded on October 23, 2020, has appointed Mr. Sandeep Kalra, Executive Director and President as the Chief Executive Officer ('CEO') of the Company with effect from October 23, 2020. Accordingly, his designation has been changed to 'Executive Director and Chief Executive Officer'. He shall hold office of CEO for a period of 5 (Five) years i.e. up to October 22, 2025.
- 8 The investors are requested to visit the following website of the Company and Stock Exchanges for further details:
 - Company's website: <https://www.persistent.com/investors>
 - BSE Ltd: www.bseindia.com
 - National Stock Exchange of India Ltd.: www.nseindia.com

By order of Board of Directors of Persistent Systems Limited



Dr. Anand Deshpande
Chairman and Managing Director

Pune
October 23, 2020