

**Parx Werk AG****BALANCE SHEET AS AT MARCH 31, 2021**

	Notes	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	5.1	4,628.45	6,365.89
Capital work-in-progress		-	1,068.15
Right-of-use asset	5.2	46,078.11	66,344.81
		<u>50,706.56</u>	<u>73,778.85</u>
Financial assets			
- Investments	6	2,266.09	2,289.90
- Loans	7	89,196.92	163,193.77
Deferred tax assets (net)	8	9,938.79	8,085.62
		<u>152,108.36</u>	<u>247,348.14</u>
<b>Current assets</b>			
Financial assets			
- Trade receivables	9	54,659.56	91,335.67
- Cash and cash equivalents	10	88,711.66	62,352.47
- Other current financial assets	11	65,891.56	49,232.06
Current tax assets (net)		6,963.90	9,405.57
Other current assets	12	5,191.27	13,889.13
		<u>221,417.95</u>	<u>226,214.90</u>
<b>TOTAL</b>		<u><b>373,526.31</b></u>	<u><b>473,563.04</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	4	16,582.40	16,582.40
Other equity		54,788.10	44,359.41
		<u>71,370.50</u>	<u>60,941.81</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	13	84,399.71	238,354.92
- Other non-current financial liabilities	14	28,828.39	41,144.71
		<u>113,228.10</u>	<u>279,499.63</u>
<b>Current liabilities</b>			
Financial liabilities			
- Trade payables	15	23,198.56	10,296.71
- Other current financial liabilities	16	100,914.92	38,767.95
Other current liabilities	17	48,219.76	69,397.83
Provisions	18	16,594.47	14,659.11
		<u>188,927.71</u>	<u>133,121.60</u>
<b>TOTAL</b>		<u><b>373,526.31</b></u>	<u><b>473,563.04</b></u>
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For JOSHI APTE & Co.**  
Firm registration no. 104370W  
Chartered Accountants

**For and on behalf of the Board of Directors of**  
**Parx Werk AG**

per C.K. Joshi  
Partner  
Membership No. 030428

Sunil Sapre  
Director

Steffen Drillich  
Director

Place: Pune  
Date : April 26, 2021

Place: Pune  
Date : April 26, 2021

Place: Munich  
Date : April 26, 2021

	Notes	For year ended March 31, 2021 (In ₹'000)	For year ended March 31, 2020 (In ₹'000)
<b>Income</b>			
Revenue from operations	19	626,797.49	522,459.73
Other income	20	29,053.41	4,866.19
<b>Total income (A)</b>		<b>655,850.90</b>	<b>527,325.92</b>
<b>Expenses</b>			
Employee benefits expense	21.1	429,215.65	375,385.63
Cost of technical professionals	21.2	122,761.54	29,582.09
Finance costs	22	6,672.79	4,528.24
Depreciation and amortization expense	5.3	23,487.42	20,375.67
Other expenses	23	62,539.86	100,792.29
<b>Total expenses (B)</b>		<b>644,677.26</b>	<b>530,663.92</b>
<b>Profit/(loss) before tax (A - B)</b>		<b>11,173.64</b>	<b>(3,338.00)</b>
<b>Tax expense</b>			
Current tax		-	-
Tax credit in respect of earlier years		1,688.27	-
Deferred tax charge / (credit)		(2,013.56)	(620.43)
<b>Total tax expense</b>		<b>(325.29)</b>	<b>(620.43)</b>
<b>Net profit/(loss) for the year (C)</b>		<b>11,498.93</b>	<b>(2,717.57)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss (D)</b>			
- Remeasurements of the defined benefit liabilities / (asset)		-	-
- Tax effect on remeasurements of the defined benefit liabilities / (asset)		-	-
		-	-
<b>Items that may be reclassified to profit or loss (E)</b>			
- Exchange differences in translating the financial statements of foreign operations		(1,070.24)	7,090.45
<b>Total other comprehensive income for the year (D) + (E)</b>		<b>(1,070.24)</b>	<b>7,090.45</b>
<b>Total comprehensive income for the year (C) + (D) + (E)</b>		<b>10,428.69</b>	<b>4,372.88</b>
<b>Earnings per equity share</b>			
	24		
<b>[Nominal value of share CHF 1 (Previous period: CHF 1)]</b>			
Basic (In ₹)		46.00	(10.87)
Diluted (In ₹)		46.00	(10.87)
<b>Summary of significant accounting policies</b>			
	3		

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

As per our report of even date

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Partner  
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Steffen Drillich  
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Place: Pune  
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**Parx Werk AG****CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021**

	For year ended March 31, 2021 (In ₹'000)	For year ended March 31, 2020 (In ₹'000)
<b>Cash flow from operating activities</b>		
<b>Profit/loss before tax</b>	<b>11,173.64</b>	<b>(3,338.00)</b>
Adjustments for:		
Finance cost	6,672.79	2,812.09
Depreciation and amortization expense	23,487.42	20,375.67
Interest income	(3,540.81)	(3,112.93)
Excess provision written back	(24,820.46)	(188.53)
Unrealised exchange (gain)/ loss (net)	(8,971.29)	(6,390.63)
Sundry Balances written off	1,560.57	-
Currency Translation reserve	(1,070.24)	7,090.45
<b>Operating profit before working capital changes</b>	<b>4,491.62</b>	<b>17,248.12</b>
<b>Movements in working capital :</b>		
(Increase)/Decrease in trade receivables	36,676.11	48,572.93
(Increase)/ Decrease in other current assets (including financial assets)	(8,353.61)	(6,540.19)
Increase/(Decrease) in trade payables and current liabilities	76,977.67	(3,924.16)
Increase/(Decrease) in provisions	1,935.36	(25,591.01)
<b>Operating profit after working capital changes</b>	<b>111,727.15</b>	<b>29,765.69</b>
Direct taxes paid (net of refunds)	-	(4,081.45)
<b>Net cash generated/ (used in) from operating activities</b>	<b>(A) 111,727.15</b>	<b>25,684.24</b>
<b>Cash flows from investing activities</b>		
Payment towards capital expenditure	(333.40)	(23,917.87)
Inter corporate deposits given refunded	91,237.02	78,691.28
<b>Net cash (used in) investing activities</b>	<b>(B) 90,903.62</b>	<b>54,773.41</b>
<b>Cash flows from financing activities</b>		
Payment against lease liability	(22,041.44)	-
Interest paid on loan	(4,040.97)	-
Loan received from Swiss Government	-	39,138.50
Inter corporate deposits given	-	(71,847.11)
Inter corporate deposits repaid	(150,189.17)	-
Advance received from related party	-	16,296.28
Advance repaid to related party	-	(14,637.02)
<b>Net cash (used in) financing activities</b>	<b>(C) (176,271.58)</b>	<b>(31,049.35)</b>

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Net (Decrease)/ increase in cash and cash equivalents (A + B + C)	26,359.19	49,408.30
Cash and cash equivalents at the beginning of the period	62,352.47	12,944.17
Cash acquired on acquisition	-	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>88,711.66</b>	<b>62,352.47</b>
<b>Components of cash and cash equivalents</b>		
Balances with banks		
On current accounts	88,711.66	62,352.47
<b>Cash and cash equivalents as per note 10</b>	<b>88,711.66</b>	<b>62,352.47</b>

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

**For JOSHI APTE & CO.**  
ICAI Firm registration no. 104370W  
Chartered Accountants

**For and on behalf of the Board of Directors of  
Parx Werk AG**

per C.K. Joshi  
Partner  
Membership No.030428

Sunil Sapre  
Director  
Steffen Drillich  
Director

Place: Pune  
Date : April 26, 2021

Place: Pune  
Date : April 26, 2021

Place: Munich  
Date : April 26, 2021

**Parx Werk AG****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021****A. Equity share capital (refer note 4)****(In ₹'000)**

<b>Balance as at April 01, 2020</b>	<b>Changes in equity share capital during the year</b>	<b>Balance as at March 31, 2021</b>
<b>16,582.40</b>	<b>-</b>	<b>16,582.40</b>

**-****(In ₹'000)**

<b>Balance as at April 01, 2019</b>	<b>Changes in equity share capital during the year</b>	<b>Balance as at March 31, 2020</b>
<b>16,582.40</b>	<b>-</b>	<b>16,582.40</b>

**Parx Werk AG****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021****B. Other equity**

(In ₹'000)

Particulars	Reserves and surplus	Items of other comprehensive income	Total
	Retained earnings	Foreign currency translation reserve	
<b>Balance as at April 1, 2020</b>	39,642.14	4,717.27	44,359.41
Net Profit/(Loss) for the year	11,498.93	-	11,498.93
Other Comprehensive Income	-	(1,070.24)	(1,070.24)
<b>Balance at March 31, 2021</b>	<b>51,141.07</b>	<b>3,647.03</b>	<b>54,788.10</b>

(In ₹'000)

Particulars	Reserves and surplus	Items of other comprehensive income	Total
	Retained earnings	Foreign currency translation reserve	
<b>Balance as at April 1, 2019</b>	44,184.82	(2,373.18)	41,811.64
Adjustments on account of adoption of IND AS 116 (Net of Deferred Tax)	(1,825.11)	-	(1,825.11)
Net Profit/(Loss) for the year	(2,717.57)	-	(2,717.57)
Other Comprehensive Income	-	7,090.45	7,090.45
<b>Balance at March 31, 2020</b>	<b>39,642.14</b>	<b>4,717.27</b>	<b>44,359.41</b>

**Nature and purpose of reserves****a) Foreign currency translation reserve**

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

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

As per our report of even date

**For JOSHI APTE & CO.**  
ICAI Firm registration no. 104370W  
Chartered Accountants

**For and on behalf of the Board of Directors of**  
**Parx Werk AG**

per C.K. Joshi  
Partner  
Membership No.030428

Sunil Sapre  
Director

Steffen Drillich  
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Place: Pune  
Date : April 26, 2021

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**1. Nature of operations**

Parx Werk AG is a Company incorporated in Switzerland. The Company is engaged in providing services based on the Salesforce.com platforms. The Company was acquired by Persistent Systems Germany GmbH by virtue of Share purchase agreement.

**2. Basis of preparation**

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

**Statement of compliance**

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

**3. Summary of significant accounting policies****(a) Accounting year**

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

**(b) Functional currency**

The Company's functional currency is CHF.

**(c) Use of estimates**

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

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

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

Expected credit loss:

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

Impact on unhedged foreign currency exposure:

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

Carrying value of financial instruments:

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

Impact on revenue:

The Company continues to re-evaluate the probable revenues from customers in various verticals to assess any possible drops in revenue from any of these verticals due to the economic stress caused by COVID - 19. Accordingly, it is the opinion of the Company that the customers could re-prioritise their discretionary spend in the immediate future to conserve resources.

The impact assessment of COVID - 19 is a continuing process given the uncertainties associated with its nature and duration. The Company has considered the same to the extent known currently and has taken steps to measure the cost

budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays and costs in meeting its obligations.

### **Critical accounting estimates**

#### **i. Revenue recognition**

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

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

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

#### **ii. Property, plant and equipment**

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

#### **iii. Income Taxes**

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

#### **iv. Provisions**

Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates

#### **(d) Property, Plant and Equipment**

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

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

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

#### **(e) Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.**

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

*Research and development cost*

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

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

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

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

**(f) Depreciation and amortization**

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

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

Assets	Useful lives
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years

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

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

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

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

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

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

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

**(h) Financial instruments**

**i) Financial assets**

*Initial recognition and measurement*

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

*Subsequent measurement*

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

**- Financial assets at amortized cost**

Financial assets that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the



effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.

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

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

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

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

## **ii) Financial liabilities**

### *Initial recognition and measurement*

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

### *Subsequent measurement*

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

- **Financial liabilities at amortized cost**

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

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

Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss if the recognition criteria as per Ind AS 109 – “Financial Instruments” are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss. Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Company has not designated any financial liability as at FVTPL.

## **iii) Impairment**

### **i) Financial assets**

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

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

### **ii) Non-financial assets**

The carrying amounts of Property, Plant and Equipment and Goodwill are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Company estimates the asset's recoverable amount unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

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

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The

recoverable amount is the greater of the asset's fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

**(i) Borrowing costs**

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

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

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

**(j) Leases*****Where the Company is a lessee***

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

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

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

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

**Ind AS 116 Leases:** On March 30, 2020, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2020. The standard permits two possible methods of transition:

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

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

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

Certain practical expedients are available under both the methods.

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

The effect of adoption as on transition date would majorly result in an increase in Right of use asset approximately by ₹ 67,854,470/- and an increase in lease liability approximately by ₹ 68,432,064/-.

**(k) Revenue recognition**

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

**(i) Income from software services**

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

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

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.

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

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

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

The company has applied the principles under Ind AS 115 to account for revenues from these performance obligations.

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

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

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

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

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

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

**(ii) Interest**

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

**(iii) Dividend**

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

**(iv) Foreign currency translation****(i) Foreign currency transactions and balances*****Initial recognition***

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

### **Conversion**

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

### **Exchange differences**

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

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

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

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

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

### **Translation of foreign operations**

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

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

## **(I) Income taxes**

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

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

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

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

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

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

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

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2020.

The Company will adopt the standard on April 1, 2020 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2020 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

**Amendment to Ind AS 12 – Income taxes:** On March 30, 2020, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2020. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

#### **(m) Earnings per share (EPS)**

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

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

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

#### **(n) Provisions**

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

#### **(o) Contingent liabilities**

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

#### **(p) Cash and cash equivalents**

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

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**4. Share capital**

	As at March 31, 2021 (in ₹ '000)	As at March 31, 2020 (in ₹ '000)
<b>Authorized shares</b>		
250 Thousand equity shares of CHF 1 each	CHF 250	CHF 250
	<b>CHF 250</b>	<b>CHF 250</b>
<b>Issued, subscribed and fully paid-up shares</b>		
250 Thousand equity shares of CHF 1 each	16,582.40	16,582.40
<b>Issued, subscribed and fully paid-up share capital</b>	<b>16,582.40</b>	<b>16,582.40</b>

All the shares are held by Persistent Systems Germany GmbH.

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

There is no movement in the shares outstanding at the beginning and at the end of the reporting period

**b) Terms / rights attached to equity shares**

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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**5.1 Property, Plant and Equipment**

	(In ₹'000)			
	Computers	Plant and equipment	Furniture and fixtures	Total
<b>Gross block (At cost)</b>				
<b>As at April 01, 2020</b>	23,852.04	2,124.35	12,466.26	38,442.65
Additions	1,194.35	207.20	-	1,401.55
- Exchange differences	(293.20)	(29.94)	(129.57)	(452.71)
<b>As at March 31, 2021</b>	<b>24,753.19</b>	<b>2,301.61</b>	<b>12,336.69</b>	<b>39,391.49</b>
<b>Depreciation and amortization</b>				
<b>As at April 01, 2020</b>	19,813.44	1,568.07	10,695.25	32,076.76
Charge for the year	2,281.15	235.69	621.86	3,138.70
- Exchange differences	(292.44)	(25.23)	(134.75)	(452.42)
<b>As at March 31, 2021</b>	<b>21,802.15</b>	<b>1,778.53</b>	<b>11,182.36</b>	<b>34,763.04</b>
<b>Net block</b>				
<b>As at March 31, 2021</b>	<b>2,951.04</b>	<b>523.08</b>	<b>1,154.33</b>	<b>4,628.45</b>
<b>As at March 31, 2020</b>	<b>4,038.60</b>	<b>556.28</b>	<b>1,771.01</b>	<b>6,365.89</b>

	(In ₹'000)			
	Computers	Plant and equipment	Furniture and fixtures	Total
<b>Gross block (At cost)</b>				
<b>As at April 01, 2019</b>	18,435.35	1,425.30	10,423.60	30,284.25
Additions	2,840.00	430.06	689.27	3,959.33
- Exchange differences	2,576.69	268.99	1,353.39	4,199.07
<b>As at March 31, 2020</b>	<b>23,852.04</b>	<b>2,124.35</b>	<b>12,466.26</b>	<b>38,442.65</b>
<b>Depreciation and amortization</b>				
<b>As at April 01, 2019</b>	15,882.90	1,227.05	9,049.99	26,159.94
Charge for the year	1,745.38	169.24	447.31	2,361.93
- Exchange differences	2,185.16	171.78	1,197.95	3,554.89
<b>As at March 31, 2020</b>	<b>19,813.44</b>	<b>1,568.07</b>	<b>10,695.25</b>	<b>32,076.76</b>
<b>Net block</b>				
<b>As at March 31, 2020</b>	<b>4,038.60</b>	<b>556.28</b>	<b>1,771.01</b>	<b>6,365.89</b>
<b>As at March 31, 2019</b>	<b>2,552.45</b>	<b>198.25</b>	<b>1,373.61</b>	<b>4,124.31</b>

**Parx Werk AG**

## Notes forming part of financial statements

**5.2 Right of use assets**

(In ₹'000)

	Right of use asset	Total
<b>Office premises</b>		
As at April 1, 2020	85,910.71	85,910.71
Additions (Transitional impact on adoption of Ind AS 116)		-
- Exchange differences	(892.94)	(892.94)
<b>As at March 31, 2021</b>	<b>85,017.77</b>	<b>85,017.77</b>
<b>Depreciation and impairment</b>		
As at April 1, 2020	19,565.90	19,565.90
Charge for the year	20,348.72	20,348.72
- Exchange differences	(974.96)	(974.96)
<b>As at March 31, 2021</b>	<b>38,939.66</b>	<b>38,939.66</b>
<b>Net block</b>		
<b>As at March 31, 2021</b>	<b>46,078.11</b>	<b>46,078.11</b>
<b>As at March 31, 2020</b>	<b>66,344.81</b>	<b>66,344.81</b>

(In ₹'000)

	Right of use asset	Total
<b>Office premises</b>		
As at April 1, 2019	-	-
Additions (Transitional impact on adoption of Ind AS 116)	79,877.63	79,877.63
- Exchange differences	6,033.08	6,033.08
<b>As at March 31, 2020</b>	<b>85,910.71</b>	<b>85,910.71</b>
<b>Depreciation and impairment</b>		
As at April 1, 2019	-	-
Charge for the year	18,013.74	18,013.74
- Exchange differences	1,552.16	1,552.16
<b>As at March 31, 2020</b>	<b>19,565.90</b>	<b>19,565.90</b>
<b>Net block</b>		
<b>As at March 31, 2020</b>	<b>66,344.81</b>	<b>66,344.81</b>
<b>As at March 31, 2020</b>	-	-



## Parx Werk AG

Notes forming part of financial statements

### 5.3 Depreciation and Amortisation expense

	For year ended	
	March 31, 2021	March 31, 2020
	(In ₹'000)	(In ₹'000)
Property, Plant and Equipment	3,138.70	2,361.93
Right to Use	20,348.72	18,013.74
	<b>23,487.42</b>	<b>20,375.67</b>

**Parx Werk AG****Notes forming part of financial statements****6. Non-current assets - Investments**

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
<b>Investments carried at cost</b>		
Unquoted investments		
- In wholly owned subsidiary companies		
Parx Consulting GmbH ( refer note 25)	2,266.09	2,289.90
25 thousand Shares (100% held by the company) of EUR 1 each		
	<b>2,266.09</b>	<b>2,289.90</b>

**7. Non-current assets: Loans**

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
<b>Carried at Amortised Cost</b>		
Loan to related parties (refer note 25)		
- Parx Consulting GmbH	82,590.80	160,436.77
(repayment terms: after 36 months)		
(Rate of interest: 3M LIBOR plus 225 basis points)		
Security deposit ( <b>Unsecured, Considered Good</b> )	6,606.12	2,757.00
	<b>89,196.92</b>	<b>163,193.77</b>

**8. Deferred Tax Assets (Net)**

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
<b>Deferred Tax Assets</b>		
On carried forward losses	9,244.19	8,085.62
Difference in Book values and tax base values of ROU asset and Lease liability	694.60	-
	<b>9,938.79</b>	<b>8,085.62</b>

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**9. Trade receivables**

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Unsecured, considered good	54,659.56	91,335.67
Unsecured, considered doubtful	-	873.31
	<b>54,659.56</b>	<b>92,208.98</b>
Less : Provision for doubtful receivables	-	873.31
	<b>54,659.56</b>	<b>91,335.67</b>
	<b>54,659.56</b>	<b>91,335.67</b>

**10. Cash and cash equivalents**

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
<b>Cash and cash equivalents as presented in cash flow statement</b>		
Cash on hand	241.95	78.30
Balances with banks		
On current accounts	88,469.71	62,274.17
	<b>88,711.66</b>	<b>62,352.47</b>

**11. Other current financial assets**

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Interest accrued on loan to related party (Refer note 25)	8,106.84	3,112.93
<b>Advance to related parties (Unsecured, considered good) (refer note 25)</b>		
- Persistent Systems France SAS	-	1,123.78
- Youperience Limited	-	410.00
- Persistent Systems Limited	-	4,003.26
- Parx Consulting GmbH	-	-
Unbilled revenue	57,784.72	40,582.09
	<b>65,891.56</b>	<b>49,232.06</b>

**12. Other current assets**

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Advances recoverable in cash or kind or for value to be received	5,191.27	13,889.13
	<b>5,191.27</b>	<b>13,889.13</b>

**Parx Werk AG**

Notes forming part of financial statements

**13. Long term Borrowings**

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
<b>Intercorporate deposit (refer note 25)</b>		
-Persistent Systems France SAS (repayment terms: after 36 months) (rate of interest: 6 months EURIBOR + 200 basis points)	-	124,248.57
-Persistent Systems Inc (repayment terms: after 36 months) (rate of interest: 3%)	45,668.01	74,967.85
Loan from Switzerland Government (repayment terms: after 60 months) (Interest Free)	38,731.70	39,138.50
	<b>84,399.71</b>	<b>238,354.92</b>

**14. Other non-current financial liabilities**

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Lease liability	49,552.94	60,987.24
Less: current maturity of lease liability (refer note 16)	(20,724.55)	(19,842.53)
	<b>28,828.39</b>	<b>41,144.71</b>

**Movement of lease liabilities**

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Opening balance	60,987.24	-
Addition	-	79,877.63
Add: interest recognised during the period	1,592.88	1,716.15
Less: payments made	(22,041.44)	(20,379.39)
Less :- Translation Difference	9,014.26	(227.15)
Closing balance	<b>49,552.94</b>	<b>60,987.24</b>

The table below provides details regarding the contractual maturities of Net Investment in sublease of ROU asset as at March 31, 2021 on an undiscounted basis

Particulars	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Less than one year	20,724.55	19,842.53
One to five years	28,828.39	41,144.71
More than five years	-	-
	<b>49,552.94</b>	<b>60,987.24</b>

**15. Trade payables**

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Trade payables for goods and services (refer note 25)	23,198.56	10,296.71
	<b>23,198.56</b>	<b>10,296.71</b>

**16. Other current financial liabilities**

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Current maturities of lease liability ( Ref. Note 14)	20,724.55	19,842.53
<b>Interest on intercorporate deposit ( Ref Note 25 )</b>		
Persistent Systems France SAS	-	1,566.09
Persistent Systems Inc	3,460.66	1,063.05
<b>Advance from related parties (Unsecured, considered good) ( Ref Note 25 )</b>		
Persistent Systems Germany GmbH	76,729.71	16,296.28
	<b>100,914.92</b>	<b>38,767.95</b>

**17. Other current liabilities**

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Unearned revenue	38,472.76	34,212.80
Statutory liabilities	1,497.85	33,892.55
Vat payable ( Net )	8,249.15	1,090.93
Other liabilities	-	201.55
	<b>48,219.76</b>	<b>69,397.83</b>

**18. Current Liabilities: Provisions**

	As at March 31, 2021 (In ₹'000)	As at March 31, 2020 (In ₹'000)
Provision for employee benefits		
- Leave encashment	16,594.47	11,479.11
- Other employee benefit provisions	-	3,180.00
	<b>16,594.47</b>	<b>14,659.11</b>

**19. Revenue from operations**

	<b>For year ended March 31, 2021 (In ₹'000)</b>	<b>For year ended March 31, 2020 (In ₹'000)</b>
Software services (Refer note 25)	626,797.49	522,459.73
	<b>626,797.49</b>	<b>522,459.73</b>

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

	<b>For year ended March 31, 2021 (In ₹'000)</b>	<b>For year ended March 31, 2020 (In ₹'000)</b>
<b>Segment wise disclosure</b>		
Industrial Segments	626,797.49	522,459.73
BFSI	-	-
LHSC	-	-
<b>Total</b>	<b>626,797.49</b>	<b>522,459.73</b>
<b>Geographical disclosure</b>		
India	3,479.10	-
North America	35,589.88	46,342.52
Rest of the World	587,728.68	476,117.21
<b>Total</b>	<b>626,797.66</b>	<b>522,459.73</b>
<b>Onsite / offshore</b>		
IP Led	-	-
Offshore	-	-
Onsite	626,797.49	522,459.73
<b>Total</b>	<b>626,797.49</b>	<b>522,459.73</b>

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

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

Particulars	March 31, 2021 (In ₹'000)	March 31, 2020 (In ₹'000)
<b>Balance at the beginning of the year</b>	40,582.09	38,415.69
Revenue recognised during the year	236,836.75	164,905.04
Invoices raised during the year	(218,009.57)	(166,287.37)
Translation exchange difference	(1,624.55)	3,548.73
<b>Balance at the end of the year</b>	<b>57,784.72</b>	<b>40,582.09</b>

**Changes in Unearned revenue are as follows:**

Particulars	March 31, 2021 (In ₹'000)	March 31, 2020 (In ₹'000)
<b>Balance at the beginning of the year</b>	34,212.80	<b>32,941.03</b>
Revenue recognised that was included in the unearned revenue balance at the beginning of the year	57,528.00	70,529.99
Increase due to invoicing during the year, not recognised as revenue during the year	(63,018.49)	(72,306.42)
Translation exchange difference	9,750.45	3,048.20
<b>Balance at the end of the year</b>	<b>38,472.76</b>	<b>34,212.80</b>

**20. Other income**

	For year ended March 31, 2021 (In ₹'000)	For year ended March 31, 2020 (In ₹'000)
Interest income		
On others ( Ref Note No.25)	3,540.81	3,112.93
Foreign exchange gain (net)	-	1,003.02
Excess provision in respect of earlier periods/ years written back	25,166.53	188.53
Miscellaneous income	346.07	561.71
	<b>29,053.41</b>	<b>4,866.19</b>

**21. Personnel expenses**

	For year ended March 31, 2021 (In ₹'000)	For year ended March 31, 2020 (In ₹'000)
<b>21.1. Employee benefits expense</b>		
Salaries, wages and bonus	371,509.82	328,286.29
Contribution to provident and other funds	21,339.21	20,736.02
Staff welfare and benefits	36,366.62	26,363.32
	<b>429,215.65</b>	<b>375,385.63</b>
<b>21.2 Cost of technical professionals</b>		
Technical professionals - related parties( Refer Note 25 )	25,241.12	15,569.95
Technical professionals - others	97,520.42	14,012.14
	<b>122,761.54</b>	<b>29,582.09</b>
	<b>551,977.19</b>	<b>404,967.72</b>

**22. Finance costs**

	For year ended March 31, 2021 (In ₹'000)	For year ended March 31, 2020 (In ₹'000)
Interest on lease liabilities	1,800.30	1,716.15
Interest on borrowings ( Ref Note No.25)	4,872.49	2,812.09
	<b>6,672.79</b>	<b>4,528.24</b>

**23. Other expenses**

	For year ended March 31, 2021	For year ended March 31, 2020
	(In ₹'000)	(In ₹'000)
Travelling and conveyance	5,693.91	16,155.64
Electricity expenses (net)	420.88	203.50
Internet link expenses	586.54	567.61
Communication expenses	4,137.52	3,528.63
Recruitment expenses	490.34	898.13
Training and seminars	1,468.29	1,025.26
Purchase of software licenses and support expenses (refer note 25)	30,529.57	40,440.94
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	-	679.91
Rent	-	689.77
Insurance	3,151.72	1,626.04
Rates and taxes	-	(7.27)
Legal and professional fees	4,020.98	14,842.70
Repairs and maintenance		
- Plant and Machinery	2,369.29	629.85
- Others	233.50	338.02
Advertisement and sponsorship fees	1,184.08	12,076.23
Computer consumables	-	216.77
Auditors' remuneration (Refer note 30)	610.10	796.68
Books, memberships, subscriptions	58.77	55.87
Foreign exchange loss (net)	497.24	-
Office expenses	2,825.93	-
Miscellaneous expenses	4,261.20	6,028.01
	<b>62,539.86</b>	<b>100,792.29</b>

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**Parx Werk AG****Notes forming part of financial statements****24. Earnings per share**

		<b>For year ended March 31, 2021</b>	<b>For year ended March 31, 2020</b>
<b>Numerator for Basic and Diluted EPS</b>			
Net Profit after tax (In ₹'000)	(A)	11,498.93	(2,717.57)
<b>Denominator for Basic EPS</b>			
Weighted average number of equity shares	(B)	250,000	250,000
<b>Denominator for Diluted EPS</b>			
Number of equity shares	(C)	250,000	250,000
<b>Basic Earnings per share of face value of CHF 1 each (In ₹ )</b>	(A/B)	46.00	(10.87)
<b>Diluted Earnings per share of face value of CHF 1 each (In ₹ )</b>	(A/C)	46.00	(10.87)
<hr/>			
		<b>For year ended March 31, 2021</b>	<b>For year ended March 31, 2020</b>
Number of shares considered as basic weighted average shares outstanding		250,000	250,000
Add: Effect of dilutive issues of stock options			-
<b>Number of shares considered as weighted average shares and potential shares outstanding</b>		<b>250,000</b>	<b>250,000</b>

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**25. Related party disclosures**
**I. Names of related parties:**

<b>Holding company:-</b>
Persistent Systems Germany GmbH
<b>Ultimate Holding Company :-</b>
Persistent Systems Limited
<b>Subsidiary Company:</b>
Parx Consulting GmbH
<b>Companies under the same management</b>
Persistent Systems Limited
Persistent Systems France SAS
Youperience GmbH
Youperience Limited, UK
Persistent Systems Inc
<b>Key Management Personnel:</b>
Mr. Silvio Galfetti
Mr. Daniel Seiler

**ii) Related Party Transactions**
**(in ₹ '000)**

<b>Nature of Transaction</b>	<b>Name of related party</b>	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
Sale of services	Parx Consulting GmbH	4,954.16	25,490.20
	Persistent Systems Ltd	3,479.10	26,579.84
	Persistent Systems France SAS	28,291.75	33,079.72
	Youperience GmbH	2,195.29	
Cost of technical professional	Parx Consulting GmbH	13,955.40	12,160.00
	Persistent Systems Ltd	2,786.03	-
	Persistent Systems France SAS	944.11	1,156.55
	Youperience GmbH	7,181.66	2,253.41
	Youperience Limited, UK	373.92	
Reimbursement of expenses (income)	Parx Consulting GmbH	5,584.32	-
	Persistent Systems France SAS	2,682.56	-
	Persistent Systems Limited	282.02	-
	Youperience GmbH	3,402.26	
	Youperience Limited, UK	161.68	
Intercompany deposit received back	Parx Consulting GmbH	91,237.02	
Intercompany deposit repaid	Persistent Systems France SAS	124,248.57	-
	Persistent Systems Inc	25,940.60	-
Intercompany deposit received	Persistent Systems France SAS	-	28,837.03
	Persistent Systems Inc	-	69,067.99
Intercompany deposit given	Parx Consulting GmbH	-	83,183.50

Interest received on intercorporate deposit	Parx Consulting GmbH	3,540.81	3,112.93
Interest expense on intercorporate deposit	Persistent Systems France SAS	2,643.18	1,566.69
	Persistent Systems Inc	2,109.66	1,063.35
Remuneration paid	Silvio Galfetti (Director) (KMP)	3,088.18	35,006.20
	Daniel Seiler (Director) (KMP)	29,326.21	25,160.73
	Beat Kach (Director) (KMP)	25,769.23	-

**iii) Balances Outstanding**
**(in ₹'000)**

Particulars	Name of related party	As on March 31, 2021	As on March 31, 2020
Share Capital	Persistent Systems Germany GmbH	16,582.40	16,582.40
Investment in subsidiary	Parx Consulting GmbH	2,266.09	2,289.90
Intercorporate deposit given	Parx Consulting GmbH	82,590.80	1,60,436.77
Interest on intercorporate deposit given	Parx Consulting GmbH	8,106.84	3,112.93
Trade receivables	Persistent Systems Ltd	0.00	8,728.26
	Parx Consulting GmbH	3,608.41	56,381.28
	Persistent Systems France SAS	6,251.09	35,986.61
	Youperience GmbH	2,279.83	698.94
	Youperience Limited UK	0.00	363.52
Advance given	Parx Consulting GmbH	-	-
	Persistent Systems France SAS	-	1,123.78
	Youperience GmbH	-	410.00
	Persistent Systems Inc	-	1,118.12
	Persistent Systems Limited	-	4,003.26
Intercorporate deposit received	Persistent Systems France SAS	-	1,24,248.57
	Persistent Systems Inc	45,668.01	74,967.85
Interest on intercorporate deposit received	Persistent Systems France SAS	-	1,566.09
	Persistent Systems Inc	3,460.66	1,063.35
Trade payables	Parx Consulting GmbH	2,355.28	-
	Persistent Systems France SAS	(234.35)	1,283.66
	Youperience GmbH	339.00	2,842.19
	Persistent Systems Limited	1,762.80	-
Advance received	Persistent Systems Germany GmbH	76,729.71	16,296.28

**26. Unhedged foreign currency exposure at the end of the year**

(in ₹'000)

Particulars	31-Mar-21			31-Mar-20		
	Amount in FC (in '000)	Exchange Rate	Amount in INR	Amount in FC (in '000)	Exchange Rate	Amount in INR
Intercompany deposit received	USD 624.65	73.11	45,667.96	USD 1,004.90	75.66	76,030.90
	-	-	-	EUR 1,520.24	82.76	1,25,814.66
Interest on intercompany deposit received	USD 47.33	73.11	3,460.66	USD 18.96	75.66	1,434.51
Intercompany deposit given	EUR 962.82	85.78	82,590.78	EUR 1,976.19	82.76	1,63,549.70
Interest on intercompany deposit given	EUR 94.51	85.78	8,106.81	EUR 52.03	82.76	4,306.24
Intercompany Advances given	-	-	-	EUR 18.53	82.76	1,533.78
Intercompany Advances received	EUR 704.00	85.78	60,389.12	-	-	-
Trade receivables	USD 100.21	73.11	7,326.98	USD 131.00	75.66	9,912.29
Trade payables	-	-	-	EUR 30.83	82.76	2,413.51
	-	-	-	USD 104.19	75.66	7,883.20
Bank Balance	USD 45.62	73.11	3,335.07	USD 68.22	75.66	5,161.53
	USD 238.68	85.78	20,473.63	EUR 292.18	82.76	24,180.82

**27. Financial Risk Management**
**Financial risk factors and risk management objectives**

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

**Market risk**

The following table analyses foreign currency risk from financial instruments		
	(Amount in ₹'000)	
	March 31, 2021	March 31, 2020
Loans	82,590.78	1,63,549.70
Interest on loans	8,106.81	4,306.24
Borrowings	45,667.96	2,01,845.56
Interest on borrowings	3,460.66	1,434.51
Advances given	-	1,533.78
Advances received	60,389.12	-
Trade Payables	-	10,296.71
Trade Receivables	7,326.98	9,912.29
Bank Balance	23,808.70	29,342.35

**Foreign currency sensitivity analysis:**

For the year ended March 31, 2021 every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, has affected the Company's profit before tax margin (PBT) by approximately 1.10% and 1.10% respectively

**Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 54,659.56 Thousands as at March 31, 2021. Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk is managed by the Company by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables.

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

	(Amount In ₹ '000)	
	March 31, 2021	March 31, 2020
Receivables overdue for more than 90 days	708.44	27,507.51
Total receivables	54,659.76	91,335.67
Overdue for more than 90 days as a % of total receivables	1.30%	30.12%

**Ageing of trade receivables**

	(Amount In ₹ '000)	
	March 31, 2021	March 31, 2020
Within the credit period	47,731.74	48,205.20
1 to 30 days past due	6,219.38	16,496.27
31 to 60 days past due	-	-
61 to 90 days past due	-	-
91 to 120 days past due	708.44	11,212.72
121 and above past due	-	16,294.79
Less: Expected credit loss	-	(873.31)
<b>Net trade receivables</b>	54,659.56	91,335.67

**Movement in expected credit loss allowance**

	(in ₹'000)	
	As at March 31, 2021	As at March 31, 2020
Opening balance	873.31	119.50
Movement in expected credit loss allowance	(873.31)	753.81
Translation differences	-	-
<b>Closing balance</b>	-	<b>873.31</b>

**Liquidity risk**

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

As at March 31, 2021, the Company had a working capital of Rs. 32,490.24 thousand including cash and cash equivalents of Rs. 88,711.66 thousand. As at March 31, 2020, the Company had a working capital of Rs. 93,093.30 thousand/- including cash and cash equivalents of Rs. 62,352.47 thousand.

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

(in ₹ '000)

Particulars	March 31, 2021		March 31, 2020	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Trade payables	23,198.56	-	10,296.71	-
Other financial liabilities	100,914.92	28,828.39	38,767.82	41,144.84
Borrowings	-	84,399.71	-	2,38,354.92

**28. Income Taxes**

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

(in ₹'000)

	March 31, 2021	March 31, 2020
Profit/(Loss) before tax	11,173.64	(3,338.00)
Enacted tax rate	26.15%	26.15%
Computed tax expense at enacted tax rate	2,921.91	-
Effect of Deferred tax asset recognized on Tax losses	(4,963.54)	(872.89)
Short Tax Provision of earlier years(Net)	1,688.19	
<b>Others</b>	28.15	252.82
<b>Income tax expense</b>	<b>(325.29)</b>	<b>(620.43)</b>

**29. Contingent liabilities**

The Company does not have any contingent liability as on March 31, 2021 (Previous year: Nil)

**30. Auditors' remuneration**

(in ₹'000)

Particulars	For year ended March 31, 2021	For year ended March 31, 2020
Audit fee	610.10	796.68

**31. Capital Commitments**

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

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

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

- 34.** Company has received a Interest Free Loan of CHF 5,00,000 for 5 years from Swiss Government under Covid 19 scheme.

As per our report of even date

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

**For and on behalf of the Board of Directors of**  
**Parx Werk AG**

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

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

Steffen Drillich  
 Director  
 Place: Munich  
 Date: April 26, 2021