

Persistent Systems Limited

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PERSISTENT

Audited consolidated financial results of Persistent Systems Limited for the quarter and half year ended September 30, 2016

PART - I

Sr. No.	Particulars	Quarter ended						Year ended March 31, 2016 (Audited)
		September 30, 2016 (Audited)		June 30, 2016 (Audited)		September 30, 2015 (Audited)		
		September 30, 2016 (Audited)	June 30, 2016 (Audited)	September 30, 2015 (Audited)	September 30, 2016 (Audited)	September 30, 2015 (Audited)	March 31, 2016 (Audited)	
1	Income							
	Income from operations (net)	7,040.19	7,017.77	5,427.31	14,057.96	10,431.47	23,123.31	
	Total Income from Operations (net)	7,040.19	7,017.77	5,427.31	14,057.96	10,431.47	23,123.31	
2	Expenses							
	- Employee benefits expense	4,494.43	4,412.47	3,241.94	8,906.90	6,307.41	14,067.60	
	- Cost of technical professionals	423.96	431.97	341.69	855.93	648.92	1,586.63	
	- Depreciation and amortization expense	366.71	342.81	244.33	709.52	470.94	990.13	
	- Other expenses	1,014.00	1,115.80	819.70	2,129.80	1,588.74	3,554.00	
	Total Expenses	6,299.10	6,303.05	4,647.66	12,602.15	9,016.01	20,198.36	
3	Profit/ (Loss) from operations before other income, finance cost and exceptional items	(1-2) 741.09	714.72	779.65	1,455.81	1,415.46	2,924.95	
4	Other income	243.72	253.47	270.90	497.19	431.32	772.88	
5	Profit/ (Loss) from ordinary activities before finance cost and exceptional items	(3+4) 984.81	968.19	1,050.55	1,953.00	1,846.78	3,697.83	
6	Finance cost	0.37	0.19	0.27	0.56	0.53	0.92	
7	Profit/ (Loss) from ordinary activities after finance cost but before exceptional items	(5-6) 984.44	968.00	1,050.28	1,952.44	1,846.25	3,696.91	
8	Exceptional items	-	-	-	-	-	-	
9	Profit/ (Loss) from ordinary activities before tax	(7+8) 984.44	968.00	1,050.28	1,952.44	1,846.25	3,696.91	
10	Tax expense	249.51	235.14	265.45	484.65	499.93	923.92	
11	Net Profit/ (Loss) from ordinary activities after tax	(9-10) 734.93	732.86	784.83	1,467.79	1,346.32	2,772.99	
12	Extra-ordinary items	-	-	-	-	-	-	
13	Net Profit/ (Loss) for the period	(11-12) 734.93	732.86	784.83	1,467.79	1,346.32	2,772.99	
14	Share of Profit/ (Loss) of associates	-	-	-	-	-	-	
15	Minority Interest	-	-	-	-	-	-	
16	Net Profit/ (Loss) after taxes, minority interest and share of Profit/ (Loss) of associates	(13+14+15) 734.93	732.86	784.83	1,467.79	1,346.32	2,772.99	
17	Other comprehensive income for the period	(82.72)	65.72	(56.07)	(17.00)	35.91	296.17	
18	Total Comprehensive Income for the period	(16+17) 652.21	798.58	728.76	1,450.79	1,382.23	3,069.16	
19	Paid-up equity share capital (Face value of share ₹ 10 each)	800.00	800.00	800.00	800.00	800.00	800.00	
20	Reserves excluding revaluation reserves	-	-	-	-	-	15,826.25	
21	Earnings per share (EPS) in ₹							
	(i) Before extra ordinary items (not annualised)							
	- Basic	9.19	9.16	9.84	18.35	16.91	34.74	
	- Diluted	9.19	9.16	9.81	18.35	16.83	34.66	
	(ii) After extra ordinary items (not annualised)							
	- Basic	9.19	9.16	9.84	18.35	16.91	34.74	
	- Diluted	9.19	9.16	9.81	18.35	16.83	34.66	
	Dividend per share (in ₹)							
	Interim dividend	-	-	-	-	-	8	
	Final dividend	-	-	-	-	-	-	
	Total dividend	-	-	-	-	-	8	

Segment wise Revenue, Results and Capital Employed

Sr. No.	Particulars	Quarter ended			Half year ended September 30, 2016 (Audited)
		September 30, 2016 (Audited)		June 30, 2016 (Audited)	
		September 30, 2016 (Audited)	June 30, 2016 (Audited)	September 30, 2015 (Audited)	
1	Segment revenue				
	- Services	3,285.57	3,338.22	6,623.79	
	- Digital	1,065.31	1,002.01	2,067.32	
	- Alliance	2,069.98	2,110.61	4,180.59	
	- Accelerite (Products)	619.33	566.93	1,186.26	
	Total	7,040.19	7,017.77	14,057.96	
2	Less: Inter segment revenue	-	-	-	-
3	Net sales/income from operations	7,040.19	7,017.77	14,057.96	
4	Segment results profit/ (loss) before tax, interest and depreciation and amortization				
	- Services	1,440.22	1,420.09	2,860.31	
	- Digital	320.96	263.82	584.78	
	- Alliance	543.23	657.77	1,201.00	
	- Accelerite (Products)	250.01	238.24	488.25	
	Total	2,554.42	2,579.92	5,134.34	
5	Less:				
	- Finance cost	0.37	0.19	0.56	
	- Other un-allocable expenses	1,813.33	1,865.20	3,678.53	
6	Un-allocable income	243.72	253.47	497.19	
7	Total profit before tax	984.44	968.00	1,952.44	

Notes for segment wise information:

i) The Group reorganised itself into 4 business units effective from April 1, 2016, whose results are evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Group's chief operating decision maker is the CEO and Managing Director. These business units have been identified as the operating segments from April 1, 2016. Discrete financial information for these business units/ operating segments for the earlier periods is not available. Hence, the comparative information for the quarter and half year ended September 30, 2015 and year ended March 31, 2016 is not provided.

ii) Cost related to research and development are included under identifiable expenses for the purpose of segment reporting.

Segment wise capital employed

Segregation of assets (other than trade receivables), liabilities, depreciation and amortization and other non-cash expenses into various reportable segments have not been presented as the assets are used interchangeably between segments and the Group is of the view that it is not practical to reasonably allocate liabilities and other non-cash expenses to individual segments and an ad-hoc allocation will not be meaningful.

Audited unconsolidated financial information

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended March 31, 2016 (Audited)
		September 30, 2016 (Audited)		June 30, 2016 (Audited)	September 30, 2016 (Audited)	September 30, 2015 (Audited)	
		September 30, 2016 (Audited)	June 30, 2016 (Audited)	September 30, 2015 (Audited)	September 30, 2016 (Audited)	September 30, 2015 (Audited)	
1	Income from operations (net)	4,224.94	4,172.95	3,477.52	8,397.89	6,832.71	14,471.36
2	Profit before tax	957.74	1,040.95	976.15	1,998.69	2,021.08	3,464.20
3	Profit after tax	737.23	796.74	672.28	1,533.97	1,429.73	2,495.99

Audited consolidated statement of assets and liabilities

₹ in Million

Particulars	As at	
	September 30, 2016 (Audited)	March 31, 2016 (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	2,812.50	2,968.21
Capital work-in-progress	93.98	23.64
Goodwill	78.29	77.87
Other Intangible assets	2,521.51	1,325.15
Intangible assets under development	338.46	241.63
Financial assets		
- Investments	1,929.05	1,469.29
- Loans	140.45	86.23
- Other non-current financial assets	936.68	870.10
Deferred tax assets (net)	182.12	177.43
Other non-current assets	81.47	649.13
Total non-current assets	9,114.51	7,888.68
Current assets		
Financial assets		
- Investments	4,205.14	4,914.36
- Trade receivables	4,178.44	4,275.49
- Cash and cash equivalents	1,236.18	1,400.19
- Other bank balances	45.82	38.76
- Loans	11.11	9.12
- Other current financial assets	353.94	164.40
Current tax assets (net)	169.05	153.12
Other current assets	2,727.89	2,402.90
Total current assets	12,927.57	13,358.34
TOTAL ASSETS	22,042.08	21,247.02
EQUITY AND LIABILITIES		
Equity		
Equity share capital	800.00	800.00
Other equity	17,264.04	15,826.25
Total Equity	18,064.04	16,626.25
Liabilities		
Non-current liabilities		
Financial liabilities		
- Borrowings	25.77	26.91
Provisions	156.94	124.41
Total Non-current liabilities	182.71	151.32
Current liabilities		
Financial liabilities		
- Trade payables	950.79	1,599.32
- Deferred payment liabilities	4.41	4.34
- Other financial liabilities	730.94	534.63
Other current liabilities	859.76	1,107.53
Provisions	1,249.43	1,223.63
Total current liabilities	3,795.33	4,469.45
TOTAL EQUITY AND LIABILITIES	22,042.08	21,247.02

Notes:

- The audited financial statements for the quarter and half year ended September 30, 2016, have been taken on record by the Board of Directors at its meeting concluded on October 22, 2016 as recommended by the Audit Committee at its meeting held on October 21, 2016. The statutory auditors have expressed an unqualified audit opinion.
- The Company adopted Indian Accounting Standards (Ind AS) from April 1, 2016 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 - Interim Financial Reporting prescribed under section 133 of the Companies Act 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 - Interim Financial Reporting.
- The Group has reviewed the trend of leave availed by employees and based on it, the estimate of expected short term leave availed was revised. This change in estimate resulted in lower charge towards expenses for leave encashment on account of accumulated compensated absences to the extent of ₹ 104.08 million for the quarter ended September 30, 2016. It is not practicable to ascertain the impact of this change in estimates for the future accounting periods. However, as per the current estimate, the impact may not be significant.
- Figures for the previous periods/year have been regrouped wherever necessary to conform to current period presentation.
- Reconciliations between equity and financial results, as previously reported (referred to as Previous GAAP) and Ind AS are as under:

Equity reconciliation

Particulars	Year ended March 31, 2016 (Audited)
Equity under Previous GAAP	16,392.96
Effect of reversal of rent escalation provision	51.70
Effect of amortization of intangibles recognised on business combination	(25.49)
Deferred tax effect on fair valuation of financial instruments	(55.32)
Effect of measuring investments in mutual funds at Fair Value through Profit and Loss	190.96
Redclassification of capital reserve under equity	73.25
Effect of Deposits measured at amortised cost	(1.81)
Equity under Ind AS	16,626.25

Comprehensive income reconciliation

Particulars	Quarter ended		
	September 30, 2015 (Audited)	September 30, 2015 (Audited)	March 31, 2016 (Audited)
Net Profit under Previous GAAP	718.49	1,390.65	2,973.61
Actuarial (gain)/ loss on employee defined benefit funds recognised in Other Comprehensive income (net of tax effect)	20.19	(68.72)	(179.60)
Effect of stock compensation expenses recognised at fair value	(3.77)	(7.53)	(16.67)
Effect of measuring investments in mutual funds at Fair Value through Profit and Loss	87.59	49.46	(14.16)
Effect of amortization of intangibles recognised on business combination	(8.40)	(8.40)	(25.49)
Effect of Deferred tax (charge)/ credit recognised	(28.85)	(15.65)	15.67
Effect of reversal of rent escalation provision	(0.32)	6.66	19.97
Effect of Deposits measured at amortised cost	(0.10)	(0.15)	(0.34)
Net Profit under Ind AS	784.83	1,346.32	2,772.99

By order of Board of Directors of Persistent Systems Limited

Pune
October 22, 2016

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrookar
Director

For risks and uncertainties relating to forward-looking statements, please visit our website 'www.persistent.com'