

Persistent Systems Limited

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Audited consolidated financial results of Persistent Systems Limited for the quarter and year ended March 31, 2017

Audited consolidated statement of assets and liabilities

Sr. No.	Particulars	Quarter ended			Year ended	
		March 31, 2017 (Audited)	December 31, 2016 (Audited)	March 31, 2016 (Audited)	March 31, 2017 (Audited)	March 31, 2016 (Audited)
		₹ in Million				
1	Income					
	Income from operations (net)	7,271.08	7,455.35	6,771.10	28,784.39	23,123.31
	Total Income from Operations (net)	7,271.08	7,455.35	6,771.10	28,784.39	23,123.31
2	Expenses					
	- Employee benefits expense	4,397.51	4,703.74	4,204.81	18,008.15	14,067.60
	- Cost of professionals	484.09	478.46	486.96	1,818.48	1,586.63
	- Depreciation and amortization expense	394.12	386.53	264.56	1,490.17	990.13
	- Other expenses	1,087.86	1,086.63	1,057.10	4,304.29	3,554.00
	Total Expenses	6,363.58	6,655.36	6,013.43	25,621.09	20,198.36
3	Profit/ (Loss) from operations before other income, finance cost and exceptional items	(1-2) 907.50	799.99	757.67	3,163.30	2,924.95
4	Other income	143.28	317.98	184.42	958.45	772.88
5	Profit/ (Loss) from ordinary activities before finance cost and exceptional items	(3+4) 1,050.78	1,117.97	942.09	4,121.75	3,697.83
6	Finance cost	0.17	0.18	0.20	0.91	0.92
7	Profit/ (Loss) from ordinary activities after finance cost but before exceptional items	(5-6) 1,050.61	1,117.79	941.89	4,120.84	3,696.91
8	Exceptional item	(114.11)	-	-	(114.11)	-
9	Profit/ (Loss) from ordinary activities before tax	(7+8) 936.50	1,117.79	941.89	4,006.73	3,696.91
10	Tax expense	208.55	298.88	210.92	992.08	923.92
11	Net Profit/ (Loss) from ordinary activities after tax	(9-10) 727.95	818.91	730.97	3,014.65	2,772.99
12	Extra-ordinary items	-	-	-	-	-
13	Net Profit/ (Loss) for the period	(11-12) 727.95	818.91	730.97	3,014.65	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) 727.95	818.91	730.97	3,014.65	2,772.99
17	Other comprehensive income for the period	30.49	(46.15)	82.17	(32.66)	247.75
18	Total Comprehensive Income for the period	(16+17) 758.44	772.76	813.14	2,981.99	3,020.74
19	Paid-up equity share capital (Face value of share ₹ 10 each)	800.00	800.00	800.00	800.00	800.00
20	Reserves excluding revaluation reserves					15,777.83
21	Earnings per share (EPS) in ₹					
(i)	Before extra ordinary items (not annualised)					
	- Basic	9.10	10.24	9.14	37.68	34.74
	- Diluted	9.10	10.24	9.14	37.68	34.66
(ii)	After extra ordinary items (not annualised)					
	- Basic	9.10	10.24	9.14	37.68	34.74
	- Diluted	9.10	10.24	9.14	37.68	34.66
	Dividend per share (in ₹)					
	Interim dividend	-	6	3	6	8
	Final dividend	3	-	-	3	-
	Total dividend	3	6	3	9	8

Segment wise Revenue, Results and Capital Employed

Sr. No.	Particulars	Quarter ended		Year ended
		March 31, 2017 (Audited)	December 31, 2016 (Audited)	March 31, 2017 (Audited)
		₹ in Million		
1	Segment revenue			
	- Services	3,188.44	3,274.35	13,086.58
	- Digital	1,377.25	1,260.34	4,704.91
	- Alliance	2,003.65	2,281.87	8,466.11
	- Accelerite (Products)	701.74	638.79	2,526.79
	Total	7,271.08	7,455.35	28,784.39
2	Less: Inter segment revenue	-	-	-
3	Net sales/income from operations	7,271.08	7,455.35	28,784.39
4	Segment results profit/ (loss) before tax, interest and depreciation and amortization			
	- Services	1,321.78	1,342.73	5,524.82
	- Digital	478.75	426.71	1,490.24
	- Alliance	580.84	777.95	2,559.79
	- Accelerite (Products)	328.11	286.75	1,103.11
	Total	2,709.48	2,834.14	10,677.96
5	Less:			
	- Finance cost	0.17	0.18	0.91
	- Other un-allocable expenses	1,916.09	2,034.15	7,628.77
6	Un-allocable income	143.28	317.98	958.45
7	Total profit before tax	936.50	1,117.79	4,006.73

₹ in Million

8 Segment assets	As at	
	March 31, 2017 (Audited)	December 31, 2016 (Audited)
	₹ in Million	
- Services	2,109.80	2,387.25
- Digital	1,318.83	1,065.94
- Alliance	717.31	769.26
- Accelerite (Products)	607.89	742.20
Total allocable segment assets	4,753.83	4,964.65
Unallocable assets	18,709.90	18,370.07
Total assets	23,463.73	23,334.72

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 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 the other assets, liabilities and other non-cash expenses to individual segments and an ad-hoc allocation will not be meaningful.

Particulars	At as	
	March 31, 2017 (Audited)	March 31, 2016 (Audited)
	₹ in Million	
ASSETS		
Non-current assets		
Property, Plant and Equipment	2,768.36	2,968.21
Capital work-in-progress	48.47	23.64
Goodwill	76.23	77.87
Other Intangible assets	2,515.05	1,325.15
Intangible assets under development	241.13	241.63
Financial assets		
- Investments	2,339.44	1,469.29
- Loans	131.49	86.23
- Other non-current financial assets	922.36	870.10
Deferred tax assets (net)	306.39	129.01
Other non-current assets	71.85	649.13
Total non-current assets	9,420.77	7,840.26
Current assets		
Financial assets		
- Investments	4,499.66	4,914.36
- Trade receivables	4,753.83	4,275.49
- Cash and cash equivalents	1,461.38	1,400.19
- Other bank balances	48.25	38.76
- Loans	14.00	9.12
- Other current financial assets	2,316.03	1,763.98
Current tax assets (net)	94.42	153.12
Other current assets	855.39	803.32
Total current assets	14,042.96	13,358.34
TOTAL ASSETS	23,463.73	21,198.60
EQUITY AND LIABILITIES		
Equity		
Equity share capital	800.00	800.00
Other equity	18,192.63	15,777.83
Total Equity	18,992.63	16,577.83
Liabilities		
Non-current liabilities		
Financial liabilities		
- Borrowings	21.71	26.91
- Deferred payment liabilities	19.74	-
Provisions	146.14	124.41
Deferred tax liabilities (net)	110.75	-
Total Non-current liabilities	298.34	151.32
Current liabilities		
Financial liabilities		
- Trade payables	1,209.36	1,599.32
- Deferred payment liabilities	0.86	4.34
- Other financial liabilities	452.72	534.63
Other current liabilities	1,118.75	1,107.53
Provisions	1,391.07	1,223.63
Total current liabilities	4,172.76	4,469.45
TOTAL EQUITY AND LIABILITIES	23,463.73	21,198.60

Audited unconsolidated financial information

Sr. No.	Particulars	Quarter ended			Year ended	
		March 31, 2017 (Audited)	December 31, 2016 (Audited)	March 31, 2016 (Audited)	March 31, 2017 (Audited)	March 31, 2016 (Audited)
		₹ in Million				
1	Income from operations (net)	4,305.48	4,626.27	3,807.65	17,329.64	14,471.36
2	Profit before tax	743.82	1,294.90	737.32	4,037.41	3,464.20
3	Profit after tax	537.99	868.36	514.98	2,940.32	2,495.99

Notes:

- The audited financial statements for the quarter and year ended March 31, 2017, have been taken on record by the Board of Directors at its meeting concluded on April 25, 2017 as recommended by the Audit Committee at its meeting held on April 24, 2017. 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 Board of Directors at its meeting held on April 24, 2017 and concluded on April 25, 2017 recommended a final dividend of ₹ 3 per share for the financial year 2016-17.
- A US based corporation had filed a suit in the year 2014 against a step down subsidiary of the Parent Company, claiming damages for direct and contributory infringement of copyrights and breach of contract. In the month of December 2016, the Court had directed the parties to reach a settlement in this matter. Accordingly, an out of court settlement was reached with the claimant without admission of any liability, during the quarter ended March 31, 2017 and an amount of ₹ 114.11 million has been accounted as an expense, net of insurance claim receivable which is based on the legal opinion obtained. This expense is presented as an exceptional item.
- 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	As at 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	(103.74)
Effect of measuring investments in mutual funds at Fair Value through Profit and Loss	190.96
Reclassification of capital reserve under equity	73.25
Effect of Deposits measured at amortised cost	(1.81)
Equity under Ind AS	16,577.83

Comprehensive income reconciliation

Particulars	Quarter ended March 31, 2016 (Audited)	Year ended March 31, 2016 (Audited)
Net Profit under Previous GAAP	808.07	2,973.61
Actuarial (gain)/ loss on employee defined benefit funds recognised in Other Comprehensive income (net of tax effect)	(45.65)	(179.60)
Effect of stock compensation expenses recognised at fair value	(5.39)	(16.67)
Effect of measuring investments in mutual funds at Fair Value through Profit and Loss	(33.58)	(14.16)
Effect of amortization of intangibles recognised on business combination	(8.78)	(25.49)
Effect of Deferred tax (charge)/ credit recognised	11.97	15.67
Effect of reversal of rent escalation provision	4.42	19.97
Effect of Deposits measured at amortised cost	(0.09)	(0.34)
Net Profit under Ind AS	730.97	2,772.99

By order of Board of Directors of Persistent Systems Limited

Pune
April 25, 2017

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"