

Persistent Systems Limited

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Audited consolidated financial results of Persistent Systems Limited for the quarter ended June 30, 2017

Segment wise Revenue, Results and Capital Employed

		₹ in Million			
Sr. No.	Particulars	Quarter ended			Year ended
		June 30, 2017 (Audited)	June 30, 2016 (Audited)	March 31, 2017 (Audited)	March 31, 2017 (Audited)
1	Revenue from operations	7,280.15	7,017.77	7,271.08	28,784.39
2	Other income	367.91	253.49	143.28	958.45
3	Total income	(1+2) 7,648.06	7,271.26	7,414.36	29,742.84
4	Expenses				
-	Employee benefits expense	4,376.50	4,320.49	4,310.75	17,648.97
-	Cost of professionals	729.13	523.95	570.85	2,177.66
-	Finance costs	0.17	0.19	0.17	0.91
-	Depreciation and amortization expense	391.91	342.81	394.12	1,490.17
-	Other expenses	1,130.95	1,115.82	1,087.86	4,304.29
	Total Expenses	6,628.66	6,303.26	6,363.75	25,622.00
5	Profit before exceptional items and tax	(3-4) 1,019.40	968.00	1,050.61	4,120.84
6	Exceptional items	-	-	(114.11)	(114.11)
7	Profit before tax	(5-6) 1,019.40	968.00	936.50	4,006.73
8	Tax expense				
-	Current tax	277.89	314.28	243.66	1,147.87
-	Tax credit in respect of earlier years	(12.25)	-	(8.36)	(19.67)
-	Deferred tax charge / (credit)	2.87	(79.14)	(26.75)	(136.12)
	Total tax expense	268.51	235.14	208.55	992.08
9	Profit for the period from continuing operations	(7-8) 750.89	732.86	727.95	3,014.65
10	Profit / (Loss) for the period from discontinued operations	-	-	-	-
11	Tax expense of discontinued operations	-	-	-	-
12	Profit / (Loss) for the period from discontinued operations (After tax)	(10-11) -	-	-	-
13	Profit for the period	(9+12) 750.89	732.86	727.95	3,014.65
14	Other comprehensive income				
A.	Items that will not be reclassified to profit and loss				
-	Remeasurements of the defined benefit liabilities / (asset)	42.53	33.64	8.87	(39.13)
		42.53	33.64	8.87	(39.13)
B.	Items that may be reclassified to profit and loss				
-	Effective portion of cash flow hedge	(66.78)	(52.84)	155.58	116.95
-	Exchange differences in translating the financial statements of foreign operations	21.67	84.92	(133.96)	(110.48)
		(45.11)	32.08	21.62	6.47
15	Total comprehensive income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)	(13+14) 748.31	798.58	758.44	2,981.99
16	Paid-up equity share capital (Face value of share ₹ 10 each)	800.00	800.00	800.00	800.00
17	Reserves excluding revaluation reserves				18,192.63
18	Earnings per equity share (for continuing operations) in ₹				
-	Basic	9.39	9.16	9.10	37.68
-	Diluted	9.39	9.16	9.10	37.68
19	Earnings per equity share (for discontinued operations) in ₹				
-	Basic	-	-	-	-
-	Diluted	-	-	-	-
20	Earnings per equity share (for discontinued and continuing operations) in ₹				
-	Basic	9.39	9.16	9.10	37.68
-	Diluted	9.39	9.16	9.10	37.68
21	Dividend per share (in ₹)				
-	Interim dividend	-	-	-	6
-	Final dividend	-	-	3	3
	Total dividend	-	-	3	9

Audited unconsolidated financial information

		₹ in Million			
Particulars		Quarter ended			Year ended
		June 30, 2017 (Audited)	June 30, 2016 (Audited)	March 31, 2017 (Audited)	March 31, 2017 (Audited)
Revenue from operations		4,272.44	4,172.95	4,305.48	17,329.64
Profit before tax		1,030.79	1,040.95	743.82	4,037.41
Profit after tax		751.14	796.74	537.99	2,940.32

		₹ in Million			
Sr. No.	Particulars	Quarter ended			Year ended
		June 30, 2017 (Audited)	June 30, 2016 (Audited)	March 31, 2017 (Audited)	March 31, 2017 (Audited)
1	Segment revenue				
-	Services	3,237.87	3,338.22	3,188.44	13,086.58
-	Digital	1,313.24	1,002.01	1,377.25	4,704.91
-	Alliance	2,123.88	2,110.61	2,003.65	8,466.11
-	Accelerite	605.16	566.93	701.74	2,526.79
	Total	7,280.15	7,017.77	7,271.08	28,784.39
2	Less: Inter segment revenue	-	-	-	-
3	Net sales/income from operations	7,280.15	7,017.77	7,271.08	28,784.39
4	Segment results profit/ (loss) before tax, interest and depreciation and amortization				
-	Services	1,247.86	1,420.09	1,321.78	5,524.82
-	Digital	410.34	263.82	478.75	1,490.24
-	Alliance	698.93	657.77	580.84	2,559.79
-	Accelerite	254.32	238.24	328.11	1,103.11
	Total	2,611.45	2,579.92	2,709.48	10,677.96
5	Less:				
-	Finance cost	0.17	0.19	0.17	0.91
-	Other un-allocable expenses	1,959.79	1,865.22	1,916.09	7,628.77
6	Un-allocable income	367.91	253.49	143.28	958.45
7	Total profit before tax	1,019.40	968.00	936.50	4,006.73

		₹ in Million		
8	Segment assets	As at		
		June 30, 2017 (Audited)	June 30, 2016 (Audited)	March 31, 2017 (Audited)
-	Services	2,214.86	2,409.90	2,109.80
-	Digital	1,198.46	807.91	1,318.83
-	Alliance	826.30	560.57	717.31
-	Accelerite (Products)	442.83	275.51	607.89
	Total allocable segment assets	4,682.45	4,053.89	4,753.83
	Unallocable assets	18,848.69	17,171.22	18,709.90
	Total assets	23,531.14	21,225.11	23,463.73

Notes for segment wise information:

i) Operating segments are components of an enterprise for which discrete financial information is available that is 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.

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.

Notes:

1 The audited financial statements for the quarter ended June 30, 2017, have been taken on record by the Board of Directors at its meeting concluded on July 21, 2017 as recommended by the Audit Committee at its meeting held on July 20, 2017. The statutory auditors have expressed an unqualified audit opinion.

2 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.

3 Persistent Systems Limited ("the Parent Company") had received a show cause notice from the Commissioner of Service Tax on December 19, 2016 for non-payment of service tax of ₹ 452.15 million under import of services on reverse charge basis, excluding interest and penalty, if applicable. The issue relates to the professional and technical services rendered by overseas subsidiaries on behalf of the Parent Company to its overseas customers for the period 2011-12 to 2014-15. Post representations made by the Company, the Learned Principal Commissioner of Service Tax, Pune, adjudicated the aforesaid show-cause notice and issued an order on May 29, 2017, reducing the demand to ₹ 165.51 million based on the period of limitation and as a result of that, the said demand now covers financial year 2014-15. The Parent Company is in the process of filing an appeal before the appellate authorities. The Parent Company believes that since the said services rendered by the overseas subsidiaries have been performed outside India, the same do not fall under import of services. The Parent Company has obtained an independent legal opinion in respect of the above matter, and believes that the liability is not likely to arise and therefore, no provision is considered necessary in the financial statements. Considering the view of the Service Tax Authorities, based on legal advice, and due prudence, the Parent Company has deposited, an amount of ₹ 647.36 million towards service tax in respect of the above matter, for the period from April 01, 2014 to June 30, 2017, under protest. The Company will be able to utilize cenvat credit against the service tax so paid and/or seek refund / rebate of the same.

4 German subsidiary of the Parent company has signed an agreement on 21st July, 2017 to acquire PARX Werks AG, a Salesforce Certified Platinum Partner in the DACH region. This acquisition is subject to customary closing conditions.

5 Figures for the previous periods/year have been regrouped wherever necessary to conform to current period presentation.

By order of Board of Directors of Persistent Systems Limited

Pune
July 21, 2017

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar
Director

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