



PERSISTENT
Partners in Innovation

Persistent Systems Limited

Quarter ending June 30, 2015

July 25, 2015

Forward-looking and Cautionary Statements



Certain statements in this Presentation concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, our revenues highly dependent on customers located in the United States, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, concentration of major operations of the Company in one city, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The Company may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with the Stock Exchanges and our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company.



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Key Highlights

Key Highlights –Q1 FY 16 Performance

- Revenue crossed the mark of INR 5 Billion in a quarter with growth of 15% YoY and 0.6% QoQ
- Revenue was USD 78.61 Million with growth of 8.2% YoY and dip of 1.8% QoQ
- EBITDA was INR 969 Million with growth of 2.1% YoY and dip of 3.6% QoQ
- Profit before Tax (PBT) INR 940 Million with drop of 1.5% YoY and 1.9% QoQ
- Profit after Tax (PAT) INR 672 Million with drop of 2.3% YoY and 11.6% QoQ

Key Highlights



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- Acquired Convirture, a unified management provider for virtualization and cloud environments on May 4, 2015.
- Acquired RGen Solutions on July 2, 2015 with a view to strengthen the company's Microsoft Technology Stack expertise.
- Signed an agreement with Intel Overseas Funding Corporation on July 23, 2015 to acquire the stock of Aepona Holding Ltd along with its 5 subsidiaries, certain IP and related rights for Aepona Products
- Persistent Ventures invested:
 - USD 250K into Jocata Corporation, USA which has developed cloud based solutions for banks and financial institutions in the area of KYC, AML and CFT
 - USD 100K into OpsDataStore Inc., USA which has developed an innovative solution for managing IT operations data in a single, easily accessible, real time data store.



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Financial Performance

Sequential Q1 FY16 Vs. Q4 FY15



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Particulars	Q1FY16	Q4FY15	Change	Exps / Sales %	
			QoQ	Q1FY16	Q4FY15
Revenue (\$ M)					
Services	64.13	65.54	-2.2%		
IP Led	14.48	14.49	-0.1%		
Revenue (\$ M)	78.61	80.03	-1.8%		
Avg. Exchange Rate Rs. /US\$	63.66	62.16	2.4%		
Revenue (Rs. M)	5,004.16	4,974.53	0.6%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	2,756.76	2,758.20	-0.1%	55.1%	55.4%
Purchase / Royalty	73.23	77.51	-5.5%	1.5%	1.6%
Project related Travel Expenses	185.21	139.08	33.2%	3.7%	2.8%
Total Direct costs	3,015.20	2,974.79	1.4%	60.3%	59.8%
Gross Profit	1,988.96	1,999.74	-0.5%	39.7%	40.2%
Sales & Marketing Exps	509.76	493.11	3.4%	10.2%	9.9%
Admin. & Other Exps	485.05	474.07	2.3%	9.7%	9.5%
Doubtful Debts Provision	6.72	14.27	-52.9%	0.1%	0.3%
CSR Activities	18.35	13.53	35.6%	0.4%	0.3%
Total SGA	1,019.88	994.98	2.5%	20.4%	20.0%
EBITDA	969.08	1,004.76	-3.6%	19.4%	20.2%
Depreciation	132.76	125.81	5.5%	2.7%	2.5%
Amortization	93.96	101.45	-7.4%	1.9%	2.0%
EBIT	742.36	777.50	-4.5%	14.8%	15.6%
Other Income / (Loss)	128.36	130.06	-1.3%	2.6%	2.6%
Exchange Gain/(Loss)	69.38	50.59	37.1%	1.4%	1.0%
PBT	940.10	958.15	-1.9%	18.8%	19.3%
Tax	267.94	197.65	35.6%	5.4%	4.0%
PAT	672.16	760.50	-11.6%	13.4%	15.3%

Y-o-Y comparison Q1 FY16 Vs. Q1 FY15



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Particulars	Q1FY16	Q1 FY15	Change	Exps / Sales %	
			YoY	Q1FY16	Q1 FY15
Revenue (\$ M)					
Services	64.13	58.15	10.3%		
IP Led	14.48	14.51	-0.2%		
Revenue (\$ M)	78.61	72.66	8.2%		
Avg. Exchange Rate Rs. /US\$	63.66	59.87	6.3%		
Revenue (Rs. M)	5,004.16	4,349.87	15.0%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	2,756.76	2,361.33	16.7%	55.1%	54.3%
Purchase / Royalty	73.23	64.84	12.9%	1.5%	1.5%
Project related Travel Expenses	185.21	180.19	2.8%	3.7%	4.1%
Total Direct costs	3,015.20	2,606.36	15.7%	60.3%	59.9%
Gross Profit	1,988.96	1,743.51	14.1%	39.7%	40.1%
Sales & Marketing Exps	509.76	388.84	31.1%	10.2%	8.9%
Admin. & Other Exps	485.05	418.73	15.8%	9.7%	9.7%
Doubtful Debts Provision	6.72	(28.18)	123.8%	0.1%	-0.6%
CSR Activities	18.35	15.14	21.2%	0.4%	0.3%
Total SGA	1,019.88	794.53	28.4%	20.4%	18.3%
EBITDA	969.08	948.98	2.1%	19.4%	21.8%
Depreciation	132.76	111.92	18.6%	2.7%	2.6%
Amortization	93.96	115.67	-18.8%	1.9%	2.6%
EBIT	742.36	721.39	2.9%	14.8%	16.6%
Other Income / (Loss)	128.36	99.52	29.0%	2.6%	2.3%
Exchange Gain/(Loss)	69.38	133.24	-47.9%	1.4%	3.0%
PBT	940.10	954.15	-1.5%	18.8%	21.9%
Tax	267.94	266.11	0.7%	5.4%	6.1%
PAT	672.16	688.04	-2.3%	13.4%	15.8%

Consolidated Balance Sheet



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Rs. M

Particulars	As on June 30, 2015	As on March 31, 2015	As on June 30, 2014
Equity and Liabilities			
Equity Share Capital	800.00	800.00	400.00
Reserves and Surplus	13,930.53	13,255.29	12,478.24
Non-current liabilities	139.09	142.17	433.55
Current liabilities	3,337.99	3,548.67	2,852.77
Total Sources of Funds	18,207.61	17,746.13	16,164.56
Assets			
Fixed Assets	4,138.60	4,116.49	4,333.71
Deferred Tax Asset (Net)	367.64	312.93	260.80
Long Term loans & advances	124.42	123.21	85.85
Current Assets	5,085.03	5,028.58	4,850.22
Cash & Investments	8,491.92	8,164.92	6,633.98
Total application of Funds	18,207.61	17,746.13	16,164.56

Key Financials Ratios: Q1 FY16

Ratios %	Q1 FY16	Q4 FY15	Change QoQ	Q1 FY15	Change YoY
Gross Margin	39.7%	40.2%	-0.5%	40.1%	-0.4%
S&M to Revenue	10.2%	9.9%	0.3%	8.9%	1.3%
G&A to Revenue	10.2%	10.1%	0.1%	9.4%	0.8%
Total S G & A to Revenue	20.4%	20.0%	0.4%	18.3%	2.1%
EBITDA Margin	19.4%	20.2%	-0.8%	21.8%	-2.4%
EBIT Margin	14.8%	15.6%	-0.8%	16.6%	-1.8%
Profit before Tax	18.8%	19.3%	-0.5%	21.9%	-3.1%
Profit after Tax	13.4%	15.3%	-1.9%	15.8%	-2.4%
EPS - Basic, Before Prior Period, INR	8.45	9.59		8.76	
EPS - Diluted, Before Prior Period, INR	8.40	9.51		8.60	



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Fact Sheet

Fact Sheet



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Revenue	Nos./%	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
	Revenue (USD M)	78.61	80.03	79.52	76.32	72.66	308.54	274.06
	%, q-o-q/ y-o-y growth	-1.8%	0.6%	4.2%	5.0%	0.0%	12.6%	15.2%
	Revenue (INR M)	5,004.16	4,974.53	4,946.38	4,641.74	4,349.87	18,912.52	16,691.53
	%, q-o-q / y-o-y	0.6%	0.6%	6.6%	6.7%	-2.6%	13.3%	28.9%

Business Offerings: Revenue Mix	%	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
	Services	81.6%	81.9%	81.0%	80.4%	80.0%	80.9%	82.0%
	IP Led	18.4%	18.1%	19.0%	19.6%	20.0%	19.1%	18.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segments : Revenue Mix	%	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
	Telecom	14.9%	16.3%	16.0%	16.7%	18.5%	16.8%	17.8%
	Infrastructure and Systems	54.2%	54.5%	55.3%	56.0%	54.6%	55.1%	69.7%
	Life Sciences	14.3%	14.3%	13.6%	13.4%	13.1%	13.6%	12.5%
	Financial Services ¹	16.6%	14.9%	15.1%	13.9%	13.8%	14.5%	
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

¹ Financial Services segment disclosure started from FY15.

25 years of bringing software to life and life to software

Fact Sheet (Contd...)

Geography: Revenue Mix	%	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
	North Americas	84.4%	85.4%	84.7%	86.1%	85.9%	85.5%	85.1%
	Europe	6.3%	6.8%	7.1%	6.3%	6.5%	6.7%	5.4%
	ROW	9.3%	7.8%	8.2%	7.6%	7.6%	7.8%	9.5%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Industry Classification ²	Nos.	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
	ISV	57.0%	57.8%	57.9%	58.3%	60.3%	58.6%	
	Enterprise	24.6%	24.1%	23.1%	22.1%	19.7%	22.3%	
	IP Led	18.4%	18.1%	19.0%	19.6%	20.0%	19.1%	
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

² Industry Classification disclosure started from FY15.

Onsite: Offshore: IP Led Revenue Mix	%	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
	Onsite	26.8%	26.2%	25.1%	24.5%	23.1%	24.8%	20.9%
	Offshore	54.8%	55.7%	55.9%	55.9%	56.9%	56.1%	61.1%
	IP Led	18.4%	18.1%	19.0%	19.6%	20.0%	19.1%	18.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fact Sheet (Contd...)



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Repeat Business	%	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
		88.7%	85.6%	84.1%	83.6%	86.7%	85.0%	83.3%

Clients billed ³	Nos.	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
	Services	277	268	273	281	260	383	365
	IP Led	310	326	349	376	347	498	550

³ includes one time clients with overlap across business offerings

Revenue Concentration	%	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
	Top 1	18.1%	16.5%	17.5%	19.0%	20.8%	18.4%	21.2%
	Top 5	36.0%	34.1%	35.0%	36.1%	38.7%	35.8%	37.1%
	Top 10	45.6%	43.2%	44.2%	45.0%	49.0%	45.2%	47.0%

Client Engagement Size	Nos.	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
	Large > \$ 3Mn	15	14	14	14	14	14	15
	Medium > \$ 1Mn, < \$ 3Mn	52	48	41	41	38	48	36

Fact Sheet (Contd...)



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Yield ⁴	USD / PPM	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
		4,134	4,272	4,264	4,123	3,915	4,144	3,847

⁴ Yield is computed as a ratio of revenue to billable person months excluding employees under training.

Billing Rates ⁵	USD / PPM	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
	Onsite – Linear	15,321	15,159	14,862	14,864	14,905	14,952	14,416
	Offshore - Linear	4,146	4,199	4,201	4,271	4,219	4,222	4,178

⁵ Billing rates exclude IP Led revenue and are calculated on Services revenue including contractual reimbursable portion.

Attrition Rate	%	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
	(TTM basis)	16.4%	15.5%	14.7%	14.1%	14.0%	15.5%	13.4%

People Numbers	Nos.	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
	Technical	7,810	7,861	7,664	7,447	7,271	7,861	7,349
	Sales & Business Development	216	224	208	212	202	224	150
	Others	428	421	424	408	403	421	358
	Total	8,454	8,506	8,296	8,067	7,876	8,506	7,857

DSO	Nos.	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
	Days	67	64	65	65	69	64	63

Fact Sheet (Contd...)



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Efforts Mix - Linear	Nos.	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
	Billable Person Months	16,138	16,063	16,031	16,015	16,139	64,248	62,091
	- Onsite	1,623	1,551	1,518	1,403	1,283	5,754	4,585
	- Offshore	14,515	14,512	14,513	14,612	14,856	58,493	57,506
	Billed Person Months	11,764	11,999	11,916	11,254	10,925	46,094	44,033
	- Onsite	1,374	1,383	1,343	1,259	1,128	5,113	3,980
	- Offshore	10,390	10,616	10,573	9,995	9,797	40,981	40,053
	Linear Utilization (Blended)	72.9%	74.7%	74.3%	70.3%	67.7%	71.7%	70.9%
	Onsite Utilization %	84.7%	89.2%	88.5%	89.7%	88.0%	88.9%	86.8%
	Offshore Utilization%	71.6%	73.2%	72.9%	68.4%	65.9%	70.1%	69.7%

IP Led	Nos.	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	FY15	FY14
	IP Led Person Months	2,880	2,672	2,620	2,496	2,419	10,207	9,148



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Thank you