



PERSISTENT
Partners in Innovation

Persistent Systems Limited

Quarter ending September 30, 2014

October 18, 2014

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 – Q2 FY 15 Performance



- USD Revenue grows at 5.0% QoQ and 11.5% YoY to USD 76.32 Million
- INR Revenue grows at 6.7% QoQ and 7.4% YoY to INR 4,641.74 Million,
- Profit before Tax (PBT) grows 4.2% QoQ and 19% YoY to INR 993.77 Million
- Profit after Tax (PAT) grows 3.6% QoQ and 17.3% YoY to INR 713.15 Million

Key Highlights

- Strategic investment in Pune-based Internet of Things (IoT) start-up Altizon Systems Pvt. Ltd.
- Became Gold partner of Scaled Agile, Inc.
- Launched Center of Excellence for Appian Platform in Columbus, Ohio.
- Attained Oracle Partner Network Specialization for Oracle Identity Governance and Oracle Access Management, the only Oracle partner to achieve both.
- Judged Leader in Building Enterprise Software Products two years in a row by Zinnov.
- Received the Certificate of recognition for Excellence in Corporate Governance for fourth consecutive year by the Institute of Company Secretaries of India
- Won Computerworld Data+Editor's Choice Award for second year in a row
- Won Researchbytes IC Award 2014 for the Best Investor Communication Practice
- Included in the prestigious ET 500 Economic Times List of top 500 Indian listed companies

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Financial Performance

Sequential Q2 FY15 Vs. Q1 FY15



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Particulars	Q2FY15	Q1FY15	Change	Exps / Sales %	
			QoQ	Q2FY15	Q1FY15
<u>Revenue (\$ M)</u>					
Services	61.40	58.15	5.6%		
IP Led	14.92	14.51	2.8%		
Revenue (\$ M)	76.32	72.66	5.0%		
Avg. Exchange Rate Rs. /US\$	60.82	59.87	1.6%		
Revenue (Rs. M)	4,641.74	4,349.87	6.7%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	2,563.86	2,361.33	8.6%	55.2%	54.3%
Purchase / Royalty	93.04	64.84	43.5%	2.0%	1.5%
Project related Travel Expenses	119.12	180.19	-33.9%	2.6%	4.1%
Total Direct costs	2,776.02	2,606.36	6.5%	59.8%	59.9%
Gross Profit	1,865.72	1,743.51	7.0%	40.2%	40.1%
Sales & Marketing Exps	417.50	388.84	7.4%	9.0%	8.9%
Admin. & Other Exps	449.41	418.73	7.3%	9.7%	9.6%
Doubtful Debt Provision	28.60	(28.18)	201.5%	0.6%	-0.6%
CSR Activities	13.48	15.14	-11.0%	0.3%	0.3%
Total SGA	908.99	794.53	14.4%	19.6%	18.3%
EBIDTA	956.73	948.98	0.8%	20.6%	21.8%
Depreciation	118.23	111.92	5.6%	2.5%	2.6%
Amortization	118.97	115.67	2.9%	2.6%	2.6%
EBIT	719.53	721.39	-0.3%	15.5%	16.6%
Other Income / (Loss)	118.82	99.52	19.4%	2.6%	2.3%
Exchange Gain/(Loss)	155.42	133.24	16.6%	3.3%	3.0%
PBT	993.77	954.15	4.2%	21.4%	21.9%
Tax	280.62	266.11	5.5%	6.0%	6.1%
PAT	713.15	688.04	3.6%	15.4%	15.8%

Y-o-Y comparison Q2 FY15 Vs. Q2 FY14



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Particulars	Q2FY15	Q2 FY14	Change	Exps / Sales %	
			YoY	Q2FY15	Q2 FY14
Revenue (\$ M)					
Services	61.40	55.35	10.9%		
IP Led	14.92	13.10	14.0%		
Revenue (\$ M)	76.32	68.45	11.5%		
Avg. Exchange Rate Rs. /US\$	60.82	63.17	-3.7%		
Revenue (Rs. M)	4,641.74	4,323.71	7.4%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	2,563.86	2,198.67	16.6%	55.2%	50.9%
Purchase	93.04	114.14	-18.5%	2.0%	2.6%
Project related Travel Expenses	119.12	112.93	5.5%	2.6%	2.6%
Total Direct costs	2,776.02	2,425.74	14.4%	59.8%	56.1%
Gross Profit	1,865.72	1,897.97	-1.7%	40.2%	43.9%
Sales & Marketing Exps	417.50	381.59	9.4%	9.0%	8.8%
Admin. & Other Exps	449.41	341.64	31.5%	9.7%	7.9%
Doubtful Debt Provision	28.60	33.62	-14.9%	0.6%	0.8%
CSR Activities	13.48	19.05	-29.2%	0.3%	0.4%
Total SGA	908.99	775.90	17.1%	19.6%	17.9%
EBIDTA	956.73	1,122.07	-14.7%	20.6%	26.0%
Depreciation	118.23	110.86	6.6%	2.5%	2.6%
Amortization	118.97	152.00	-21.7%	2.6%	3.5%
EBIT	719.53	859.21	-16.3%	15.5%	19.9%
Other Income / (Loss)	118.82	75.29	57.8%	2.6%	1.7%
Exchange Gain/(Loss)	155.42	(99.57)	256.1%	3.3%	-2.3%
PBT	993.77	834.93	19.0%	21.4%	19.3%
Tax	280.62	227.08	23.6%	6.0%	5.3%
PAT	713.15	607.85	17.3%	15.4%	14.0%

Y-o-Y comparison H1 FY15 Vs. H1 FY14



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Particulars	H1FY15	H1FY14	Change	Exps / Sales %	
			QoQ	H1FY15	H1FY14
<u>Revenue (\$ M)</u>					
Services	119.55	108.89	9.8%		
IP Led	29.43	22.59	30.3%		
Revenue (\$ M)	148.98	131.48	13.3%		
Avg. Exchange Rate Rs. /US\$	60.35	60.06	0.5%		
Revenue (Rs. M)	8,991.61	7,896.59	13.9%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	4,925.19	4,080.49	20.7%	54.8%	51.7%
Purchase / Royalty	157.88	196.34	-19.6%	1.8%	2.5%
Project related Travel Expenses	299.31	253.65	18.0%	3.3%	3.2%
Total Direct costs	5,382.38	4,530.48	18.8%	59.9%	57.4%
Gross Profit	3,609.23	3,366.11	7.2%	40.1%	42.6%
Sales & Marketing Exps	806.34	700.78	15.1%	9.0%	8.9%
Admin. & Other Exps	868.14	681.41	27.4%	9.6%	8.6%
Doubtful Debt Provision	0.42	62.99	-99.3%	0.0%	0.8%
CSR Activities	28.62	21.93	30.5%	0.3%	0.3%
Total SGA	1,703.52	1,467.11	16.1%	18.9%	18.6%
EBIDTA	1,905.71	1,899.00	0.4%	21.2%	24.0%
Depreciation	230.15	215.82	6.6%	2.6%	2.7%
Amortization	234.64	283.85	-17.3%	2.6%	3.6%
EBIT	1,440.92	1,399.33	3.0%	16.0%	17.7%
Other Income / (Loss)	218.34	154.85	41.0%	2.4%	2.0%
Exchange Gain/(Loss)	288.66	83.87	244.2%	3.2%	1.1%
PBT	1,947.92	1,638.05	18.9%	21.7%	20.8%
Tax	546.73	459.25	19.1%	6.1%	5.8%
PAT	1,401.19	1,178.80	18.9%	15.6%	15.0%

Consolidated Balance Sheet



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INR M

	As at September 30, 2014	As at March 31, 2014	As at September 30, 2013
Equity and Liabilities			
Equity Share Capital	400.00	400.00	400.00
Reserves & Surplus	13,084.64	11,823.44	10,601.88
Non-Current Liabilities	148.49	425.69	737.86
Current Liabilities	2,777.35	2,784.71	2,446.25
Total sources of Funds	16,410.48	15,433.84	14,185.99
Assets			
Fixed Assets	4,313.76	4,384.69	4,696.04
Deferred Tax asset (Net)	263.38	260.12	234.92
Long term loans & advances	127.81	137.97	174.42
Current Assets	4,773.05	4,340.49	3,839.17
Cash & Investments	6,932.48	6,310.57	5,241.44
Total application of Funds	16,410.48	15,433.84	14,185.99

Key Financials Ratios: Q2 FY15



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Ratios, %	Q2 FY15	Q1 FY15	Change QoQ	Q2 FY14	Change YoY
Gross Margin	40.2%	40.1%	0.1%	43.9%	-3.7%
S&M to Revenue	9.0%	8.9%	0.1%	8.8%	0.2%
G&A to Revenue	10.6%	9.4%	1.2%	9.1%	1.5%
Total S G&A to Revenue	19.6%	18.3%	1.3%	17.9%	1.7%
EBIDTA Margin	20.6%	21.8%	-1.2%	26.0%	-5.4%
EBIT Margin	15.5%	16.6%	-1.1%	19.9%	-4.4%
Profit before Tax	21.4%	21.9%	-0.5%	19.3%	2.1%
Profit after Tax	15.4%	15.8%	-0.4%	14.0%	1.4%
EPS - Basic, Before Prior Period, INR	18.11	17.53		15.65	
EPS - Diluted, Before Prior Period, INR	17.83	17.20		15.20	

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Fact Sheet

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Revenue	Nos./%	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Revenue (USD M)	76.32	72.66	72.64	69.94	68.45	274.06	237.82
	%, q-o-q/ y-o-y growth	5.0%	0.0%	3.9%	2.2%	8.6%	15.2%	14.7%
	Revenue (INR M)	4,641.74	4,349.87	4,467.37	4,327.57	4,323.71	16,691.53	12,945.12
	%, q-o-q / y-o-y	6.7%	-2.6%	3.2%	0.1%	21.0%	28.9%	29.4%

Business Offerings: Revenue Mix	%	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Services	80.4%	80.0%	80.4%	82.2%	80.9%	82.0%	82.8%
	IP Led	19.6%	20.0%	19.6%	17.8%	19.1%	18.0%	17.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segments : Revenue Mix	%	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Telecom	16.7%	18.5%	15.3%	18.0%	17.6%	17.8%	25.3%
	Infrastructure and Systems	56.0%	54.6%	71.6%	68.9%	69.2%	69.7%	64.2%
	Life Sciences	13.4%	13.1%	13.1%	13.1%	13.2%	12.5%	10.5%
	Financial Services*	13.9%	13.8%					
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* Financial Services segment disclosure started from Q1 FY 15.

Fact Sheet (Contd...)



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Geography: Revenue Mix	%	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	North Americas	86.1%	85.9%	85.4%	83.1%	84.6%	85.1%	84.8%
	Europe	6.3%	6.5%	6.1%	6.0%	4.4%	5.4%	6.5%
	ROW	7.6%	7.6%	8.5%	10.9%	11.0%	9.5%	8.7%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Onsite: Offshore: IP Led Revenue Mix	%	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Onsite	24.5%	23.1%	21.4%	20.5%	20.6%	20.9%	18.2%
	Offshore	55.9%	56.9%	59.0%	61.7%	60.3%	61.1%	64.6%
	IP Led	19.6%	20.0%	19.6%	17.8%	19.1%	18.0%	17.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Repeat Business	%	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
		83.6%	86.7%	85.2%	82.7%	82.2%	83.3%	82.7%

Fact Sheet (Contd...)



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Clients billed ¹	Nos.	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Services	281	260	261	253	243	365	406
	IP Led	376	347	358	380	388	550	510

¹ includes one time clients with overlap across business offerings

Revenue Concentration	%	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Top 1	19.0%	20.8%	21.1%	19.8%	22.5%	21.2%	20.4%
	Top 5	36.1%	38.7%	39.4%	36.9%	37.7%	37.1%	34.7%
	Top 10	45.0%	49.0%	48.5%	46.9%	47.2%	47.0%	46.0%

Client Engagement Size	Nos.	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Large > \$ 3Mn	14	14	15	16	16	15	15
	Medium > \$ 1Mn, < \$ 3Mn	41	38	36	34	32	36	29

Fact Sheet (Contd...)



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Yield ²	USD / PPM	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
			4,123	3,915	3,927	3,934	3,919	3,847

² Yield is computed as a ratio of revenue to billable person months excluding employees under training.

Billing Rates ³	USD / PPM	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Onsite - Linear		14,864	14,905	14,355	14,510	14,277	14,416
Offshore - Linear		4,271	4,219	4,241	4,179	4,146	4,178	4,057

³ Billing rates exclude IP Led Revenue and are calculated on total revenue including contractual reimbursable portion.

Attrition Rate	%	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	(TTM basis)		14.1%	14.0%	13.4%	13.2%	14.0%	13.4%

Fact Sheet (Contd...)



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People Numbers	Nos.	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Technical	7,447	7,271	7,349	7,109	6,982	7,349	6,540
	Sales & Business Development	212	202	150	139	128	150	99
	Others	408	403	358	354	347	358	331
	Total	8,067	7,876	7,857	7,602	7,457	7,857	6,970

DSO	Nos.	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	Days	65	69	63	63	62	63	65

IP Led	Nos.	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
	IP Led Person Months	2,496	2,419	2,343	2,260	2,210	9,148	8,974

Fact Sheet (Contd...)



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		Nos.	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14	FY 13
Efforts Mix - Linear	Billable Person Months		16,015	16,139	16,155	15,517	15,258	62,091	55,541
	- Onsite		1,403	1,283	1,246	1,152	1,106	4,585	3,718
	- Offshore		14,612	14,856	14,909	14,365	14,152	57,506	51,823
	Billed Person Months		11,254	10,925	11,183	11,310	10,933	44,033	41,176
	- Onsite		1,259	1,128	1,083	989	989	3,980	3,294
	- Offshore		9,995	9,797	10,100	10,321	9,944	40,053	37,882
	Linear Utilization (Blended)		70.3%	67.7%	69.2%	72.9%	71.7%	70.9%	74.1%
	Onsite Utilization %		89.7%	88.0%	86.9%	85.9%	89.4%	86.8%	88.6%
	Offshore Utilization%		68.4%	65.9%	67.7%	71.8%	70.3%	69.7%	73.1%

Persistent owned facilities



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Bhageerath



Senapati Bapat Road, Pune

Aryabhata–Pingala



Karve Road, Pune

Gargi-Maitreyi



MIDC, Parsodi, Nagpur

Goa



Verna, Goa

Rigveda-Yajurveda-Samaveda-Atharvaveda



Hinjawadi, Pune

France



Grenoble, France

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Thank you