



**PERSISTENT**  
Partners in Innovation

# Persistent Systems Limited

Quarter ending December 31, 2014

January 24, 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 – Q3 FY 15 Performance

- USD Revenue grows at 4.2% QoQ and 13.7% YoY to USD 79.52 Million
- INR Revenue grows at 6.6% QoQ and 14.3% YoY to INR 4,946.38 Million,
- Profit before Tax (PBT) remains flat QoQ and grows 14.8% YoY to INR 993.65 Million
- Profit after Tax (PAT) grows 4.4% QoQ and 16% YoY to INR 744.62 Million

# Key Highlights

- Dr. Siddhartha Chatterjee joined as Chief Technology Officer
- Thomas Klein joined as General Counsel and Senior Vice President of Corporate Development
- Launched Persistent Computing Institute (PCI) to bridge the gap between academy and industry
- Proposed 1:1 bonus shares
- Declared an interim dividend of Rs. 10 per share

# Awards and Recognitions



- Persistent Intranet (Pi) won Prestigious 2014 CIO100 Award, InformationWeek EDGE Award, 2014 and IT Excellence Award 'No Limits CIO' from VMWare, 2014
- TISS LeapVault CLO Award for 'Best Corporate University', the Global Learn Tech Awards 2014 for 'Best technologies learning solution' and for 'Chief Learning Officer of the Year'
- The Asset Corporate Award for excellence in Management and Corporate Governance
- The Certificate of Recognition in ICSI – Excellence in Corporate Governance Award 2014

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# Financial Performance

# Sequential Q3 FY15 Vs. Q2 FY15



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Particulars	Q3FY15	Q2FY15	Change	Exps / Sales %	
			QoQ	Q3FY15	Q2FY15
<u>Revenue (\$ M)</u>					
Services	64.42	61.40	4.9%		
IP Led	15.10	14.92	1.2%		
<b>Revenue (\$ M)</b>	<b>79.52</b>	<b>76.32</b>	<b>4.2%</b>		
Avg. Exchange Rate Rs. /US\$	62.20	60.82	2.3%		
<b>Revenue (Rs. M)</b>	<b>4,946.38</b>	<b>4,641.74</b>	<b>6.6%</b>		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	2,739.08	2,563.86	6.8%	55.4%	55.2%
Purchase / Royalty	90.50	93.04	-2.7%	1.8%	2.0%
Project related Travel Expenses	129.79	119.12	9.0%	2.6%	2.6%
Total Direct costs	2,959.37	2,776.02	6.6%	59.8%	59.8%
<b>Gross Profit</b>	<b>1,987.01</b>	<b>1,865.72</b>	<b>6.5%</b>	<b>40.2%</b>	<b>40.2%</b>
Sales & Marketing Expenses	465.33	417.50	11.5%	9.4%	9.0%
Admin. & Other Exps	481.60	449.41	7.2%	9.7%	9.7%
Doubtful Debt Provision	28.80	28.60	0.7%	0.6%	0.6%
CSR Activities	15.94	13.48	18.2%	0.3%	0.3%
Total SGA	991.67	908.99	9.1%	20.0%	19.6%
<b>EBIDTA</b>	<b>995.34</b>	<b>956.73</b>	<b>4.0%</b>	<b>20.1%</b>	<b>20.6%</b>
Depreciation	126.55	118.23	7.0%	2.6%	2.5%
Amortization	119.93	118.97	0.8%	2.4%	2.6%
<b>EBIT</b>	<b>748.86</b>	<b>719.53</b>	<b>4.1%</b>	<b>15.1%</b>	<b>15.5%</b>
Other Income / (Loss)	114.87	118.82	-3.3%	2.3%	2.6%
Exchange Gain/(Loss)	129.92	155.42	-16.4%	2.6%	3.3%
<b>PBT</b>	<b>993.65</b>	<b>993.77</b>	<b>0.0%</b>	<b>20.1%</b>	<b>21.4%</b>
Tax	249.03	280.62	-11.3%	5.0%	6.0%
<b>PAT</b>	<b>744.62</b>	<b>713.15</b>	<b>4.4%</b>	<b>15.1%</b>	<b>15.4%</b>

# Y-o-Y comparison Q3 FY15 Vs. Q3 FY14



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Particulars	Q3FY15	Q3 FY14	Change	Exps / Sales %	
			YoY	Q3FY15	Q3 FY14
Revenue (\$ M)					
Services	64.42	57.48	12.1%		
IP Led	15.10	12.46	21.2%		
Revenue (\$ M)	79.52	69.94	13.7%		
Avg. Exchange Rate Rs. /US\$	62.20	61.88	0.5%		
Revenue (Rs. M)	4,946.38	4,327.57	14.3%		
Cost of Revenue	Rs. M	Rs.M			
Employee Related Expenses	2,739.08	2,229.91	22.8%	55.4%	51.5%
Purchase	90.50	91.07	-0.6%	1.8%	2.1%
Project related Travel Expenses	129.79	111.82	16.1%	2.6%	2.6%
Total Direct costs	2,959.37	2,432.80	21.6%	59.8%	56.2%
Gross Profit	1,987.01	1,894.77	4.9%	40.2%	43.8%
Sales & Marketing Expenses	465.33	351.84	32.3%	9.4%	8.1%
Admin. & Other Exps	481.60	338.33	42.3%	9.7%	7.8%
Doubtful Debt Provision	28.80	4.21	584.1%	0.6%	0.1%
CSR Activities	15.94	3.14	407.6%	0.3%	0.1%
Total SGA	991.67	697.52	42.2%	20.0%	16.1%
EBIDTA	995.34	1,197.25	-16.9%	20.1%	27.7%
Depreciation	126.55	112.51	12.5%	2.6%	2.6%
Amortization	119.93	149.51	-19.8%	2.4%	3.5%
EBIT	748.86	935.23	-19.9%	15.1%	21.6%
Other Income / (Loss)	114.87	76.65	49.9%	2.3%	1.8%
Exchange Gain/(Loss)	129.92	(146.61)	188.6%	2.6%	-3.4%
PBT	993.65	865.27	14.8%	20.1%	20.0%
Tax	249.03	223.29	11.5%	5.0%	5.2%
PAT	744.62	641.98	16.0%	15.1%	14.8%

# Y-o-Y comparison YTD Dec 2014 Vs YTD Dec 2013



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Particulars	YTD Dec 2014	YTD Dec 2013	Change	Exps / Sales %	
				YTD Dec 2014	YTD Dec 2013
Revenue (\$ M)					
Services	183.97	166.37	10.6%		
IP Led	44.53	35.05	27.0%		
Revenue (\$ M)	228.50	201.42	13.4%		
Avg. Exchange Rate Rs. /US\$	61.00	60.69	0.5%		
Revenue (Rs. M)	13,937.99	12,224.16	14.0%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	7,664.27	6,310.40	21.5%	55.0%	51.6%
Purchase / Royalty	248.38	287.41	-13.6%	1.8%	2.4%
Project related Travel Expenses	429.10	365.47	17.4%	3.1%	3.0%
Total Direct costs	8,341.75	6,963.28	19.8%	59.8%	57.0%
Gross Profit	5,596.24	5,260.88	6.4%	40.2%	43.0%
Sales & Marketing Expenses	1,271.67	1,052.62	20.8%	9.1%	8.6%
Admin. & Other Exps	1,349.74	1,019.74	32.4%	9.7%	8.3%
Doubtful Debt Provision	29.22	67.20	-56.5%	0.2%	0.5%
CSR Activities	44.56	25.07	77.7%	0.3%	0.3%
Total SGA	2,695.19	2,164.63	24.5%	19.3%	17.7%
EBIDTA	2,901.05	3,096.25	-6.3%	20.8%	25.3%
Depreciation	356.70	328.22	8.7%	2.6%	2.7%
Amortization	354.57	433.47	-18.2%	2.5%	3.5%
EBIT	2,189.78	2,334.56	-6.2%	15.7%	19.1%
Other Income / (Loss)	333.21	231.50	43.9%	2.4%	1.9%
Exchange Gain/(Loss)	418.58	(62.74)	767.2%	3.0%	-0.5%
PBT	2,941.57	2,503.32	17.5%	21.1%	20.5%
Tax	795.76	682.54	16.6%	5.7%	5.6%
PAT	2,145.81	1,820.78	17.9%	15.4%	14.9%

# Consolidated Balance Sheet



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INR M

	As at December 31, 2014	As at March 31, 2014	As at December 31, 2013
Equity and Liabilities			
Equity Share Capital	400.00	400.00	400.00
Reserves & Surplus	13,317.63	11,823.44	11,167.58
Non-Current Liabilities	157.10	425.69	420.04
Current Liabilities	3,783.68	2,784.71	3,111.91
<b>Total sources of Funds</b>	<b>17,658.41</b>	<b>15,433.84</b>	<b>15,099.53</b>
Assets			
Fixed Assets	4,210.73	4,384.69	4,504.99
Deferred Tax asset (Net)	275.01	260.12	251.06
Long term loans & advances	102.47	137.97	201.38
Current Assets	4,903.75	4,340.49	4,192.62
Cash & Investments	8,166.45	6,310.57	5,949.48
<b>Total application of Funds</b>	<b>17,658.41</b>	<b>15,433.84</b>	<b>15,099.53</b>

# Key Financials Ratios: Q3 FY15



Ratios, %	Q3 FY15	Q2 FY15	Change QoQ	Q3 FY14	Change YoY
Gross Margin	40.2%	40.2%	0.0%	43.8%	-3.6%
S&M to Revenue	9.4%	9.0%	0.4%	8.1%	1.3%
G&A to Revenue	10.6%	10.6%	0.0%	8.0%	2.6%
Total S G&A to Revenue	20.0%	19.6%	0.4%	16.1%	3.9%
EBIDTA Margin	20.1%	20.6%	-0.5%	27.7%	-7.6%
EBIT Margin	15.1%	15.5%	-0.4%	21.6%	-6.5%
Profit before Tax	20.1%	21.4%	-1.3%	20.0%	0.1%
Profit after Tax	15.1%	15.4%	-0.3%	14.8%	0.3%
EPS - Basic, Before Prior Period, INR	18.86	18.11		16.48	
EPS - Diluted, Before Prior Period, INR	18.62	17.83		16.05	

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# Fact Sheet

# Fact Sheet



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Revenue	Nos./%	Q3FY 15	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	FY 14	FY 13
	Revenue (USD M)	79.52	76.32	72.66	72.64	69.94	274.06	237.82
	%, q-o-q/ y-o-y growth	4.2%	5.0%	0.0%	3.9%	2.2%	15.2%	14.7%
	Revenue (Rs.M)	4,946.38	4,641.74	4,349.87	4,467.37	4,327.57	16,691.53	12,945.12
	%, q-o-q / y-o-y	6.6%	6.7%	-2.6%	3.2%	0.1%	28.9%	29.4%

Business Offerings: Revenue Mix	%	Q3FY 15	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	FY 14	FY 13
	Services	81.0%	80.4%	80.0%	80.4%	82.2%	82.0%	82.8%
	IP Led	19.0%	19.6%	20.0%	19.6%	17.8%	18.0%	17.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segments : Revenue Mix	%	Q3FY 15	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	FY 14	FY 13
	Telecom	16.0%	16.7%	18.5%	15.3%	18.0%	17.8%	25.3%
	Infrastructure and Systems	55.3%	56.0%	54.6%	71.6%	68.9%	69.7%	64.2%
	Life Sciences	13.6%	13.4%	13.1%	13.1%	13.1%	12.5%	10.5%
	Financial Services	15.1%	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 Q1FY 15.

# Fact Sheet (Contd...)



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Geography: Revenue Mix	%	Q3FY 15	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	FY 14	FY 13
	North Americas	84.7%	86.1%	85.9%	85.4%	83.1%	85.1%	84.8%
	Europe	7.1%	6.3%	6.5%	6.1%	6.0%	5.4%	6.5%
	ROW	8.2%	7.6%	7.6%	8.5%	10.9%	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	%	Q3FY 15	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	FY 14	FY 13
	Onsite	25.1%	24.5%	23.1%	21.4%	20.5%	20.9%	18.2%
	Offshore	55.9%	55.9%	56.9%	59.0%	61.7%	61.1%	64.6%
	IP Led	19.0%	19.6%	20.0%	19.6%	17.8%	18.0%	17.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Repeat Business	%	Q3FY 15	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	FY 14	FY 13
		84.1%	83.6%	86.7%	85.2%	82.7%	83.3%	82.7%

# Fact Sheet (Contd...)



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Clients billed <sup>1</sup>	Nos.	Q3FY 15	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	FY 14	FY 13
	Services	273	281	260	261	253	365	406
	IP Led	349	376	347	358	380	550	510

<sup>1</sup> includes one time clients with overlap across business offerings

Revenue Concentration	%	Q3FY 15	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	FY 14	FY 13
	Top 1	17.5%	19.0%	20.8%	21.1%	19.8%	21.2%	20.4%
	Top 5	35.0%	36.1%	38.7%	39.4%	36.9%	37.1%	34.7%
	Top 10	44.2%	45.0%	49.0%	48.5%	46.9%	47.0%	46.0%

Client Engagement Size	Nos.	Q3FY 15	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	FY 14	FY 13
	Large > \$ 3Mn	14	14	14	15	16	15	15
	Medium > \$ 1Mn, < \$ 3Mn	41	41	38	36	34	36	29

# Fact Sheet (Contd...)



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Yield <sup>2</sup>	USD / PPM	Q3FY 15	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	FY 14	FY 13
			4,264	4,123	3,915	3,927	3,934	3,847

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

Billing Rates <sup>3</sup>	USD / PPM	Q3FY 15	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	FY 14	FY 13	
	Onsite - Linear		14,862	14,864	14,905	14,355	14,510	14,416	13,119
	Offshore - Linear		4,201	4,271	4,219	4,241	4,179	4,178	4,057

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

Attrition Rate	%	Q3FY 15	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	FY 14	FY 13
	(TTM basis)		14.7%	14.1%	14.0%	13.4%	13.2%	13.4%

# Fact Sheet (Contd...)



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People Numbers	Nos.	Q3FY 15	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	FY 14	FY 13
	Technical	7,664	7,447	7,271	7,349	7,109	7,349	6,540
	Sales & Business Development	208	212	202	150	139	150	99
	Others	424	408	403	358	354	358	331
	Total	8,296	8,067	7,876	7,857	7,602	7,857	6,970

DSO	Nos.	Q3FY 15	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	FY 14	FY 13
	Days	65	65	69	63	63	63	65

# Fact Sheet (Contd...)



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Efforts Mix - Linear	Nos.	Q3FY 15	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	FY 14	FY 13
	Billable Person Months	16,031	16,015	16,139	16,155	15,517	62,091	55,541
	- Onsite	1,518	1,403	1,283	1,246	1,152	4,585	3,718
	- Offshore	14,513	14,612	14,856	14,909	14,365	57,506	51,823
	Billed Person Months	11,916	11,254	10,925	11,183	11,310	44,033	41,176
	- Onsite	1,343	1,259	1,128	1,083	989	3,980	3,294
	- Offshore	10,573	9,995	9,797	10,100	10,321	40,053	37,882
	Linear Utilization (Blended)	74.3%	70.3%	67.7%	69.2%	72.9%	70.9%	74.1%
	Onsite Utilization %	88.5%	89.7%	88.0%	86.9%	85.9%	86.8%	88.6%
	Offshore Utilization%	72.9%	68.4%	65.9%	67.7%	71.8%	69.7%	73.1%

IP Led	Nos.	Q3FY 15	Q2FY 15	Q1FY 15	Q4 FY 14	Q3 FY 14	FY 14	FY 13
	IP Led Person Months	2,620	2,496	2,419	2,343	2,260	9,148	8,974

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**Thank you**