



PERSISTENT

# Persistent Systems Limited

Quarter ending December 31, 2015

January 23, 2016

# 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 16 Performance



- Revenue was USD 89.65 Million with growth of 8.1% QoQ and 12.7% YoY
- Revenue in INR terms was INR 5,921 Million with growth of 9.1% QoQ and 19.7% YoY
- EBITDA was INR 1,110 Million with growth of 9.1% QoQ and 11.6% YoY
- Profit before Tax (PBT) was INR 1,024 Million with growth of 6.3% QoQ and 3.1% YoY
- Profit after Tax (PAT) was INR 775 Million with growth of 7.8% QoQ and 4.1% YoY
- Declared an interim dividend of INR 5 per share

# Key Highlights



- For the third year in a row, recognized as a leader in the Enterprise Software Product segment of the annual Global Service Provider Ratings by Zinnov Management Consulting
- Acquired digital content management solutions business of Akumina, maker of InterChange, an innovative software platform that optimizes user experiences for digital businesses using Microsoft SharePoint
- Continued to strengthen partner ecosystem releasing suite of healthcare and life sciences accelerators for Salesforce
- Customer-focused hackathon held jointly with Appian at our Appian Center of Excellence at Columbus, Ohio

# Sequential Q3 FY16 vs. Q2 FY16



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Particulars	Q3FY16	Q2FY16	Change	Exps / Sales %	
			QoQ	Q3FY16	Q2FY16
Revenue (\$ M)					
Services	71.62	69.52	3.0%		
IP Led	18.03	13.44	34.2%		
Revenue (\$ M)	89.65	82.96	8.1%		
Avg. Exchange Rate Rs. /US\$	66.04	65.42	1.0%		
Revenue (Rs. M)	5,920.74	5,427.31	9.1%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	3,323.69	3,063.01	8.5%	56.1%	56.4%
Purchase / Royalty	123.17	110.51	11.5%	2.1%	2.0%
Project related Travel Expenses	175.53	140.22	25.2%	3.0%	2.6%
Total Direct costs	3,622.39	3,313.74	9.3%	61.2%	61.1%
Gross Profit	2,298.35	2,113.57	8.7%	38.8%	38.9%
Sales & Marketing Expenses	575.62	537.58	7.1%	9.7%	9.9%
Admin. & Other Expenses	584.90	519.96	12.5%	9.9%	9.6%
Doubtful Debt Provision	4.82	20.91	-76.9%	0.1%	0.4%
CSR Activities	22.56	17.61	28.1%	0.4%	0.3%
Total SGA	1,187.90	1,096.06	8.4%	20.1%	20.2%
EBIDTA	1,110.45	1,017.51	9.1%	18.8%	18.7%
Depreciation	150.14	141.30	6.3%	2.5%	2.6%
Amortization	96.33	94.75	1.7%	1.6%	1.7%
EBIT	863.98	781.46	10.6%	14.6%	14.4%
Other Income / (Loss)	118.51	111.46	6.3%	2.0%	2.1%
Exchange Gain/(Loss)	41.95	70.91	-40.8%	0.7%	1.3%
PBT	1,024.44	963.83	6.3%	17.3%	17.8%
Tax	249.55	245.34	1.7%	4.2%	4.5%
PAT	774.89	718.49	7.8%	13.1%	13.2%

# YoY comparison Q3 FY16 vs. Q3 FY15



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Particulars	Q3FY16	Q3FY15	Change	Exps / Sales %	
			YoY	Q3FY16	Q3FY15
<b>Revenue (\$ M)</b>					
Services	71.62	64.42	11.2%		
IP Led	18.03	15.10	19.4%		
<b>Revenue (\$ M)</b>	<b>89.65</b>	<b>79.52</b>	<b>12.7%</b>		
Avg. Exchange Rate Rs. /US\$	66.04	62.20	6.2%		
<b>Revenue (Rs. M)</b>	<b>5,920.74</b>	<b>4,946.38</b>	<b>19.7%</b>		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	3,323.69	2,739.08	21.3%	56.1%	55.4%
Purchase / Royalty	123.17	90.50	36.1%	2.1%	1.8%
Project related Travel Expenses	175.53	129.79	35.2%	3.0%	2.6%
Total Direct costs	3,622.39	2,959.37	22.4%	61.2%	59.8%
<b>Gross Profit</b>	<b>2,298.35</b>	<b>1,987.01</b>	<b>15.7%</b>	<b>38.8%</b>	<b>40.2%</b>
Sales & Marketing Expenses	575.62	465.33	23.7%	9.7%	9.4%
Admin. & Other Expenses	584.90	481.60	21.4%	9.9%	9.7%
Doubtful Debt Provision	4.82	28.80	-83.3%	0.1%	0.6%
CSR Activities	22.56	15.94	41.5%	0.4%	0.3%
Total SGA	1,187.90	991.67	19.8%	20.1%	20.0%
<b>EBIDTA</b>	<b>1,110.45</b>	<b>995.34</b>	<b>11.6%</b>	<b>18.8%</b>	<b>20.1%</b>
Depreciation	150.14	126.55	18.6%	2.5%	2.6%
Amortization	96.33	119.93	-19.7%	1.6%	2.4%
<b>EBIT</b>	<b>863.98</b>	<b>748.86</b>	<b>15.4%</b>	<b>14.6%</b>	<b>15.1%</b>
Other Income / (Loss)	118.51	114.87	3.2%	2.0%	2.3%
Exchange Gain/(Loss)	41.95	129.92	-67.7%	0.7%	2.6%
<b>PBT</b>	<b>1,024.44</b>	<b>993.65</b>	<b>3.1%</b>	<b>17.3%</b>	<b>20.1%</b>
Tax	249.55	249.03	0.2%	4.2%	5.0%
<b>PAT</b>	<b>774.89</b>	<b>744.62</b>	<b>4.1%</b>	<b>13.1%</b>	<b>15.1%</b>

# YoY comparison YTD Dec '15 vs. YTD Dec '14



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Particulars	YTD Dec 2015	YTD Dec 2014	Change	Exps / Sales %	
				YTD Dec 2015	YTD Dec 2014
Revenue (\$ M)					
Services	205.26	183.97	11.6%		
IP Led	45.95	44.53	3.2%		
Revenue (\$ M)	251.21	228.50	9.9%		
Avg. Exchange Rate Rs. /US\$	65.09	61.00	6.7%		
Revenue (Rs. M)	16,352.21	13,937.99	17.3%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	9,143.46	7,664.27	19.3%	55.9%	55.0%
Purchase / Royalty	306.91	248.38	23.6%	1.9%	1.8%
Project related Travel Expenses	500.96	429.10	16.7%	3.1%	3.1%
Total Direct costs	9,951.33	8,341.75	19.3%	60.9%	59.8%
Gross Profit	6,400.88	5,596.24	14.4%	39.1%	40.2%
Sales & Marketing Exps	1,622.96	1,271.67	27.6%	9.9%	9.1%
Admin. & Other Exps	1,589.91	1,349.74	17.8%	9.7%	9.7%
Doubtful Debt Provision	32.45	29.22	11.1%	0.2%	0.2%
CSR Activities	58.52	44.56	31.3%	0.4%	0.3%
Total SGA	3,303.84	2,695.19	22.6%	20.2%	19.3%
EBIDTA	3,097.04	2,901.05	6.8%	18.9%	20.8%
Depreciation	424.20	356.70	18.9%	2.6%	2.6%
Amortization	285.04	354.57	-19.6%	1.7%	2.5%
EBIT	2,387.80	2,189.78	9.0%	14.6%	15.7%
Other Income / (Loss)	358.33	333.21	7.5%	2.2%	2.4%
Exchange Gain / (Loss)	182.24	418.58	-56.5%	1.1%	3.0%
PBT	2,928.37	2,941.57	-0.4%	17.9%	21.1%
Tax	762.83	795.76	-4.1%	4.7%	5.7%
PAT	2,165.54	2,145.81	0.9%	13.2%	15.4%

# Consolidated Balance Sheet



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Particulars	As on December 31, 2015	As on March 31, 2015	As on December 31, 2014
Equity and Liabilities			
Equity Share Capital	800.00	800.00	400.00
Reserves and Surplus	14,971.31	13,255.29	13,317.63
Non-current liabilities	142.93	142.17	157.10
Current liabilities	3,737.55	3,548.67	3,783.68
<b>Total Sources of Funds</b>	<b>19,651.79</b>	<b>17,746.13</b>	<b>17,658.41</b>
Assets			
Fixed Assets	4,242.48	4,116.49	4,210.73
Deferred Tax Asset (Net)	365.75	312.93	275.01
Long Term loans & advances	116.34	123.21	102.47
Current Assets	6,094.56	5,028.58	4,903.75
Cash & Investments	8,832.66	8,164.92	8,166.45
<b>Total application of Funds</b>	<b>19,651.79</b>	<b>17,746.13</b>	<b>17,658.41</b>

# Key Financials Ratios: Q3 FY16



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Ratios %	Q3 FY16	Q2 FY16	Change QoQ	Q3 FY15	Change YoY
Gross Margin	38.8%	38.9%	-0.1%	40.2%	-1.4%
S&M to Revenue	9.7%	9.9%	-0.2%	9.4%	0.3%
G&A to Revenue	10.4%	10.3%	0.1%	10.6%	-0.2%
Total SG&A to Revenue	20.1%	20.2%	-0.1%	20.0%	0.1%
EBIDTA Margin	18.8%	18.7%	0.1%	20.1%	-1.3%
EBIT Margin	14.6%	14.4%	0.2%	15.1%	-0.5%
Profit before Tax	17.3%	17.8%	-0.5%	20.1%	-2.8%
Profit after Tax	13.1%	13.2%	-0.1%	15.1%	-2.0%
EPS - Basic INR	9.73	9.01		9.43	
EPS - Diluted INR	9.69	8.98		9.31	



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# Fact sheet

# Fact Sheet



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Revenue	Nos. / %	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14
	Revenue USD M	89.65	82.96	78.61	80.03	79.52	308.54	274.06
	%, q-o-q / y-o-y growth	8.1%	5.5%	-1.8%	0.6%	4.2%	12.6%	15.2%
	Revenue INR M	5,920.74	5,427.31	5,004.16	4,974.53	4,946.38	18,912.52	16,691.53
	%, q-o-q / y-o-y	9.1%	8.5%	0.6%	0.6%	6.6%	13.3%	28.9%

Business Offerings: Revenue Mix	%	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14
	Services	79.9%	83.8%	81.6%	81.9%	81.0%	80.9%	82.0%
	IP Led	20.1%	16.2%	18.4%	18.1%	19.0%	19.1%	18.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segments : Revenue Mix	%	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14
	Telecom	16.2%	13.2%	14.9%	16.3%	16.0%	16.8%	17.8%
	Infrastructure and Systems	50.8%	54.7%	54.2%	54.5%	55.3%	55.1%	69.7%
	Life Sciences	13.7%	14.4%	14.3%	14.3%	13.6%	13.6%	12.5%
	Financial Services <sup>1</sup>	19.3%	17.7%	16.6%	14.9%	15.1%	14.5%	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

<sup>1</sup> Financial Services segment disclosure started from FY15.

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Geography: Revenue Mix	%	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14
	North America	85.3%	86.2%	84.4%	85.4%	84.7%	85.5%	85.1%
	Europe	6.3%	6.8%	6.3%	6.8%	7.1%	6.7%	5.4%
	ROW	8.4%	7.0%	9.3%	7.8%	8.2%	7.8%	9.5%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Industry Classification <sup>2</sup>	Nos.	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14
	ISV	51.3%	57.2%	57.0%	57.8%	57.9%	58.6%	
	Enterprise	28.6%	26.6%	24.6%	24.1%	23.1%	22.3%	
	IP Led	20.1%	16.2%	18.4%	18.1%	19.0%	19.1%	
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

<sup>2</sup> Industry Classification disclosure started from FY15.

Onsite: Offshore: IP Led Revenue Mix	%	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14
	Onsite	29.8%	29.5%	26.8%	26.2%	25.1%	24.8%	20.9%
	Offshore	50.1%	54.3%	54.8%	55.7%	55.9%	56.1%	61.1%
	IP Led	20.1%	16.2%	18.4%	18.1%	19.0%	19.1%	18.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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Repeat Business	%	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14
		82.0%	86.2%	88.7%	85.6%	84.1%	85.0%	83.3%

Clients billed <sup>3</sup>	Nos.	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14
	Services	337	311	277	268	273	383	365
	IP Led	291	299	310	326	349	498	550

<sup>3</sup> includes one time clients with overlap across business offerings

Revenue Concentration	%	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14
	Top 1	17.4%	17.6%	18.1%	16.5%	17.5%	18.4%	21.2%
	Top 5	34.3%	35.4%	36.0%	34.1%	35.0%	35.8%	37.1%
	Top 10	44.1%	44.7%	45.6%	43.2%	44.2%	45.2%	47.0%

Client Engagement Size	Nos.	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14
	Large > \$ 3Mn	19	17	15	14	14	14	15
	Medium > \$ 1Mn, < \$ 3Mn	44	46	52	48	41	48	36

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Yield <sup>4</sup>	USD / PPM	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14
			4,428	4,346	4,134	4,272	4,264	4,144

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

Billing Rates <sup>5</sup>	USD / PPM	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14	
	Onsite - Linear		14,717	15,075	15,321	15,159	14,862	14,952	14,416
	Offshore - Linear		4,217	4,251	4,146	4,199	4,201	4,222	4,178

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

Attrition Rate	%	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14
	(TTM basis)		17.1%	17.1%	16.4%	15.5%	14.7%	15.5%

People Numbers	Nos.	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14
	Technical	8,334	7,905	7,810	7,861	7,664	7,861	7,349
	Sales & Business Development	203	208	216	224	208	224	150
	Others	429	432	428	421	424	421	358
	Total	8,966	8,545	8,454	8,506	8,296	8,506	7,857

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DSO	Nos.	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14
	Days		69	68	67	64	65	64

Efforts Mix - Linear	Nos.	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14
	Billable Person Months	16,718	16,066	16,138	16,063	16,031	64,248	62,091
	- Onsite	2,097	1,854	1,623	1,551	1,518	5,754	4,585
	- Offshore	14,621	14,212	14,515	14,512	14,513	58,493	57,506
	Billed Person Months	12,457	12,226	11,764	11,999	11,916	46,094	44,033
	- Onsite	1,817	1,621	1,374	1,383	1,343	5,113	3,980
	- Offshore	10,640	10,605	10,390	10,616	10,573	40,981	40,053
	Linear Utilization (Blended)	74.5%	76.1%	72.9%	74.7%	74.3%	71.7%	70.9%
	Onsite Utilization %	86.6%	87.4%	84.7%	89.2%	88.5%	88.9%	86.8%
Offshore Utilization%	72.8%	74.6%	71.6%	73.2%	72.9%	70.1%	69.7%	

IP Led	Nos.	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	Q3FY 15	FY 15	FY 14
	IP Led Person Months		3,526	3,021	2,880	2,672	2,620	10,207

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# Thank You