

Persistent Systems Limited

Quarter ending September 30, 2016

October 22, 2016

Forward-looking and Cautionary Statements



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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.

Key Highlights

Financial Performance



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Q2 FY17

- USD Revenue grew by 26.8% YoY and 0.4% QoQ to US\$ 105.18 Million
- INR Revenue grew by 29.7% YoY and 0.3% QoQ to ₹ 7,040.19 Million
- EBIDTA grew by 8.9% YoY and 4.8% QoQ to ₹ 1,107.79 Million
- Profit before Tax (PBT) grew by 2.1% YoY and 1.7% QoQ to ₹ 984.44 Million
- Profit after Tax (PAT) grew by 2.3% YoY and 0.3% QoQ to ₹ 734.93 Million

H1 FY17

- USD Revenue grew by 29.9% to US\$ 209.94 Million
- INR Revenue grew by 34.8% YoY to ₹ 14,057.96 Million
- EBIDTA grew by 9.0% to ₹ 2,165.31 Million
- Profit before Tax (PBT) grew by 2.5% to ₹ 1,952.44 Million
- Profit after Tax (PAT) grew by 5.5% to ₹ 1,467.79 Million

Awards and Recognitions during Q2FY17



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- Featured for the first time in Consulting magazine's "Fastest Growing Firms" based on our growing presence in the Enterprise segment.
- In the 'Zinnov Zones 2016 - IoT Technology Services' Report, Persistent is included in the Leadership Zone for 'Software Platform Engineering & Management' and 'Engineering Analytics & Decision Sciences'
- Recognized at the Oracle Excellence Awards 2016 as a specialised partner for security
- Received ISO 14064-1:2006 (Green House Gases emission verification) certification for all facilities in India for the financial year 2015-16 by the American Global Standards
- Recognized by the Association for Talent Development in the 2016 BEST Awards for demonstrating enterprise-wide success through talent development
- Received TISS-LEAPVAULT CLO Award for best Corporate University in September 2016

Sequential Q2 FY17 Vs. Q1 FY17



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Particulars	Q2FY17	Q1FY17	Change QoQ	Expenses / Sales % Q2FY17	Expenses / Sales % Q1FY17
Revenue (\$ M)					
Services	75.92	75.27	0.9%		
IP Led	29.26	29.49	-0.8%		
Revenue (\$ M)	105.18	104.76	0.4%		
Avg. Exchange Rate ₹ /US\$	66.93	66.99	-0.1%		
Revenue (₹ M)	7,040.19	7,017.77	0.3%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	4,258.41	4,255.33	0.1%	60.5%	60.6%
Purchase / Royalty	131.27	75.33	74.3%	1.9%	1.1%
Project related Travel Expenses	148.83	253.86	-41.4%	2.1%	3.6%
Total Direct costs	4,538.51	4,584.52	-1.0%	64.5%	65.3%
Gross Profit	2,501.68	2,433.25	2.8%	35.5%	34.7%
Sales & Marketing Expenses	694.66	604.48	14.9%	9.9%	8.6%
Admin. & Other Expenses	627.99	746.69	-15.9%	8.9%	10.6%
Doubtful Debt Provision	54.94	19.98	175.0%	0.8%	0.3%
CSR Activities	16.30	4.59	255.1%	0.2%	0.1%
Total SGA	1,393.89	1,375.74	1.3%	19.8%	19.6%
EBIDTA	1,107.79	1,057.51	4.8%	15.7%	15.1%
Depreciation	139.26	147.83	-5.8%	2.0%	2.1%
Amortization	227.45	194.98	16.7%	3.2%	2.8%
EBIT	741.08	714.70	3.7%	10.5%	10.2%
Other Income / (Loss)	202.54	172.44	17.5%	2.9%	2.5%
Exchange Gain/(Loss)	40.82	80.86	-49.5%	0.6%	1.2%
PBT	984.44	968.00	1.7%	14.0%	13.8%
Tax	249.51	235.14	6.1%	3.5%	3.4%
PAT	734.93	732.86	0.3%	10.4%	10.4%

YoY comparison Q2 FY17 Vs. Q2 FY16



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Particulars	Q2FY17	Q2 FY16	Change QoQ	Expenses / Sales %	
	(As per Ind AS)	(As per IGAAP)		Q2FY17	Q2 FY16
Revenue (\$ M)					
Services	75.92	69.52	9.2%		
IP Led	29.26	13.44	117.7%		
Revenue (\$ M)	105.18	82.96	26.8%		
Avg. Exchange Rate ₹ /US\$	66.93	65.42	2.3%		
Revenue (₹ M)	7,040.19	5,427.31	29.7%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	4,258.41	3,063.01	39.0%	60.5%	56.4%
Purchase / Royalty	131.27	110.51	18.8%	1.9%	2.0%
Project related Travel Expenses	148.83	140.22	6.1%	2.1%	2.6%
Total Direct costs	4,538.51	3,313.74	37.0%	64.5%	61.1%
Gross Profit	2,501.68	2,113.57	18.4%	35.5%	38.9%
Sales & Marketing Expenses	694.66	537.58	29.2%	9.9%	9.9%
Admin. & Other Expenses	627.99	519.96	20.8%	8.9%	9.6%
Doubtful Debt Provision	54.94	20.91	162.7%	0.8%	0.4%
CSR Activities	16.30	17.61	-7.4%	0.2%	0.3%
Total SGA	1,393.89	1,096.06	27.2%	19.8%	20.2%
EBIDTA	1,107.79	1,017.51	8.9%	15.7%	18.7%
Depreciation	139.26	141.30	-1.4%	2.0%	2.6%
Amortization	227.45	94.75	140.1%	3.2%	1.7%
EBIT	741.08	781.46	-5.2%	10.5%	14.4%
Other Income / (Loss)	202.54	111.46	81.7%	2.9%	2.1%
Exchange Gain/(Loss)	40.82	70.91	-42.4%	0.6%	1.3%
PBT	984.44	963.83	2.1%	14.0%	17.8%
Tax	249.51	245.34	1.7%	3.5%	4.5%
PAT	734.93	718.49	2.3%	10.4%	13.2%

YoY comparison H1 FY17 Vs. H1 FY16



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Particulars	H1FY17	H1 FY16	Change YoY	Expenses / Sales %	
	(As per Ind AS)	(As per IGAAP)		H1FY17	H1 FY16
Revenue (\$ M)					
Services	151.19	133.65	13.1%		
IP Led	58.75	27.92	110.4%		
Revenue (\$ M)	209.94	161.57	29.9%		
Avg. Exchange Rate ₹ /US\$	66.96	64.56	3.7%		
Revenue (₹ M)	14,057.96	10,431.47	34.8%		
Cost of Revenue		₹ M			
Employee Related Expenses	8,513.74	5,819.77	46.3%	60.6%	55.8%
Purchase / Royalty	206.60	183.74	12.4%	1.5%	1.8%
Project related Travel Expenses	402.69	325.43	23.7%	2.9%	3.1%
Total Direct costs	9,123.03	6,328.94	44.1%	64.9%	60.7%
Gross Profit	4,934.93	4,102.53	20.3%	35.1%	39.3%
Sales & Marketing Expenses	1,299.14	1,047.34	24.0%	9.2%	10.0%
Admin. & Other Expenses	1,374.67	1,005.01	36.8%	9.8%	9.6%
Doubtful Debt Provision	74.92	27.63	171.2%	0.5%	0.3%
CSR Activities	20.89	35.96	-41.9%	0.1%	0.3%
Total SGA	2,769.62	2,115.94	30.9%	19.7%	20.3%
EBIDTA	2,165.31	1,986.59	9.0%	15.4%	19.0%
Depreciation	287.09	274.06	4.8%	2.0%	2.6%
Amortization	422.43	188.71	123.9%	3.0%	1.8%
EBIT	1,455.79	1,523.82	-4.5%	10.4%	14.6%
Other Income / (Loss)	374.98	239.82	56.4%	2.7%	2.3%
Exchange Gain/(Loss)	121.67	140.29	-13.3%	0.9%	1.3%
PBT	1,952.44	1,903.93	2.5%	13.9%	18.3%
Tax	484.65	513.28	-5.6%	3.5%	4.9%
PAT	1,467.79	1,390.65	5.5%	10.4%	13.3%

Consolidated Balance Sheet



₹ Million **PERSISTENT**

Particulars	As on September 30, 2016	As on March 31, 2016	As on September 30, 2015
Assets			
PPE and Intangible assets	5,844.74	4,636.50	4,244.14
Non-Current Assets	404.04	912.79	505.99
Cash and Investments	8,454.13	8,692.70	8,279.08
Other Current Assets	7,339.17	7,005.03	5,313.56
Total	22,042.08	21,247.02	18,342.77
Equity & Liabilities			
Equity	18,064.04	16,626.25	15,609.41
Non-Current Liabilities	182.71	151.32	136.03
Current Liabilities	3,995.33	4,469.45	2,597.33
Total	22,042.08	21,247.02	18,342.77

Fact Sheet

Fact Sheet



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Revenue	Nos./%	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	FY16	FY15
	Revenue USD M	105.18	104.76	100.43	89.65	82.96	351.65	308.54
	% , q-o-q/ y-o-y growth	0.4%	4.3%	12.0%	8.1%	5.5%	14.0%	12.6%
	Revenue INR M	7,040.19	7,017.77	6,771.10	5,920.74	5,427.31	23,123.31	18,912.52
	% , q-o-q / y-o-y	0.3%	3.6%	14.4%	9.1%	8.5%	22.3%	13.3%

Business Offerings: Revenue Mix	%	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	FY16	FY15
	Services	72.2%	71.8%	71.8%	79.9%	83.8%	78.9%	80.9%
	IP Led	27.8%	28.2%	28.2%	20.1%	16.2%	21.1%	19.1%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segments: Revenue Mix	%	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	FY16	FY15
	Services	46.6%	47.6%					
	Digital	15.2%	14.2%					
	Alliance	29.4%	30.0%					
	accelerite	8.8%	8.2%					
Total	100.0%	100.0%						

Fact Sheet



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Geography: Revenue Mix	%	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	FY16	FY15
	North America	85.4%	87.0%	86.1%	85.3%	86.2%	85.5%	85.5%
	Europe	6.1%	5.2%	6.7%	6.3%	6.8%	6.5%	6.7%
	India	5.6%	5.4%	6.2%	7.4%	5.6%	6.7%	5.9%
	ROW	2.9%	2.4%	1.0%	1.0%	1.4%	1.3%	1.9%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Industry Classification	Nos.	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	FY16	FY15
	ISV	44.4%	45.4%	45.8%	51.3%	57.2%	52.4%	58.6%
	Enterprise	27.8%	26.4%	26.0%	28.6%	26.6%	26.5%	22.3%
	IP Led	27.8%	28.2%	28.2%	20.1%	16.2%	21.1%	19.1%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Global Delivery Centers: India: IP Led Revenue Mix	%	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	FY16	FY15
	Global Delivery Centers	26.3%	26.3%	26.3%	29.8%	29.5%	28.0%	24.8%
	India	45.9%	45.5%	45.5%	50.1%	54.3%	50.9%	56.1%
	IP Led	27.8%	28.2%	28.2%	20.1%	16.2%	21.1%	19.1%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fact Sheet



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Clients billed	Nos.	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	FY16	FY15
	Services	314	340	319	337	311	451	383
IP Led	335	338	353	291	299	539	498	

Includes one time clients with overlap across business offerings

Revenue Concentration	%	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	FY16	FY15
	Top 1	28.4%	29.0%	25.4%	17.4%	17.6%	19.9%	18.4%
Top 5	44.3%	44.7%	40.8%	34.3%	35.4%	36.6%	35.8%	
Top 10	52.8%	52.7%	49.6%	44.1%	44.7%	45.5%	45.2%	

Client Engagement Size	Nos.	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	FY16	FY15
	Large > \$ 3Mn	15	15	18	19	17	18	14
Medium > \$1Mn, < \$ 3Mn	51	50	42	44	46	42	48	

DSO	Nos.	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	FY16	FY15
	Days	66	63	62	69	68	62	64

Fact Sheet



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Yield	USD / PPM	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	FY16	FY15
		4,677	4,705	4,849	4,428	4,346	4,448	4,144

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

Linear Revenue per billed PM	USD / PPM	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	FY16	FY15
Global Delivery Centers		16,101	15,437	14,574	14,717	15,075	14,891	14,952
India		4,288	4,325	4,275	4,217	4,251	4,223	4,222

Attrition Rate	%	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	FY16	FY15
(TTM basis)		15.9%	16.7%	16.4%	17.1%	17.1%	16.4%	15.5%

People Numbers	Nos.	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	FY16	FY15
Technical		8,612	8,698	8,618	8,334	7,905	8,618	7,861
Sales & Marketing		207	204	201	203	208	201	224
Others		486	487	445	429	432	445	421
Total		9,305	9,389	9,264	8,966	8,545	9,264	8,506

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	Nos.	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	FY16	FY15
Efforts and Utilization Mix – Linear	Billable Person Months	17,474	17,030	16,631	16,718	16,066	65,553	64,248
	- Global Delivery Centers	2,048	2,121	2,108	2,097	1,854	7,682	5,754
	- India	15,426	14,909	14,523	14,621	14,212	57,871	58,493
	Billed Person Months	12,966	12,816	12,504	12,457	12,226	48,950	46,094
	- Global Delivery Centers	1,720	1,786	1,811	1,817	1,621	6,623	5,113
	- India	11,246	11,030	10,693	10,640	10,605	42,327	40,981
	Utilization:							
	- Linear (Blended)	74.2%	75.3%	75.2%	74.5%	76.1%	74.7%	71.7%
	- Global Delivery Centers	84.0%	84.2%	85.9%	86.6%	87.4%	86.2%	88.9%
	- India	72.9%	74.0%	73.6%	72.8%	74.6%	73.1%	70.1%
IP Led	Nos.	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	FY16	FY15
	IP Led Person Months	5,015	5,235	4,082	3,526	3,021	13,509	10,207

Thank You