



PERSISTENT
Partners in Innovation

Persistent Systems Limited

Quarter ending June 30, 2014

July 27, 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 – Q1 FY 15 Performance



- USD Revenue grows at 15.3% YoY to USD 72.66 Million
- INR Revenue grows at 21.7% YoY to INR 4,349.87 Million,
- EBIDTA grows 22.1% YoY to INR 948.98 Million
- Profit before Tax (PBT) grows 18.8% YoY to INR 954.15 Million
- Profit after Tax (PAT) grows 20.5% YoY to INR 688.04 Million

Key Highlights

- Roshini Bakshi joined as Independent Director
- Named 'India's Coding Power House' at TechGig Code Gladiators 2014, hosted by the Times Group.
- Acquired assets of Hoopz Planet Info. Pvt. Ltd., a Pune based Web Discovery Solution Provider
- Inaugurated a new building in Goa that doubled our capacity to 600 seats
- Persistent Foundation won Rotary CSR Leadership Excellence Award





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Financial Performance

Sequential Q1 FY15 Vs. Q4 FY14



Particulars	Q1FY15		Q4FY14		Change QoQ		Exps / Sales %	
							Q1FY15	Q4FY14
Revenue (\$ M)								
Services	58.15		58.38					
IP Led	14.51		14.26					
Revenue (\$ M)	72.66		72.64					
Avg. Exchange Rate Rs. /US\$	59.87		61.50					
Revenue (Rs. M)	4,349.87		4,467.37					
Cost of Revenue		Rs. M		Rs. M				
Employee Related Expenses	2,361.33		2,325.82				54.3%	52.1%
Purchase / Royalty	64.84		100.10				1.5%	2.2%
Project related Travel Expenses	180.19		127.84				40.9%	4.1%
Total Direct costs	2,606.36		2,553.76				2.1%	57.2%
Gross Profit	1,743.51		1,913.61				40.1%	42.8%
Sales & Marketing Exps	388.84		341.53				13.9%	7.6%
Admin. & Other Exps	418.73		355.90				17.7%	9.7%
Doubtful Debt Provision	(28.18)		5.22				-639.8%	-0.6%
CSR Activities	15.14		4.43				241.8%	0.3%
Total SGA	794.53		707.08				12.4%	15.8%
EBIDTA	948.98		1,206.53				-21.3%	21.8%
Depreciation	111.92		109.11				2.6%	2.4%
Amortization	115.67		155.15				-25.4%	2.6%
EBIT	721.39		942.27				-23.4%	16.6%
Other Income	99.52		67.57				47.3%	2.3%
Exchange Gain/(Loss)	133.24		(86.57)				253.9%	3.0%
PBT	954.15		923.27				3.3%	21.9%
Tax	266.11		251.28				5.9%	6.1%
PAT	688.04		671.99				2.4%	15.8%

Y-O-Y Q1 FY15 Vs. Q1 FY14



Particulars	Q1FY15	Q1 FY14	Change YoY		Exps / Sales %	
					Q1FY15	Q1 FY14
Revenue (\$ M)						
Services	58.15	53.54		8.6%		
IP Led	14.51	9.49		52.9%		
Revenue (\$ M)	72.66	63.03		15.3%		
Avg. Exchange Rate Rs./US\$	59.87	56.69		5.6%		
Revenue (Rs. M)	4,349.87	3,572.88		21.7%		
Cost of Revenue	Rs. M	Rs. M				
Employee Related Expenses	2,361.33	1,881.82		25.5%	54.3%	52.7%
Purchase	64.84	82.20		-21.1%	1.5%	2.3%
Project related Travel Expenses	180.19	140.72		28.0%	4.1%	3.9%
Total Direct costs	2,606.36	2,104.74		23.8%	59.9%	58.9%
Gross Profit	1,743.51	1,468.14		18.8%	40.1%	41.1%
Sales & Marketing Exps	388.84	319.19		21.8%	8.9%	8.9%
Admin. & Other Exps	418.73	339.77		23.2%	9.7%	9.5%
Doubtful Debt Provision	(28.18)	29.37		-195.9%	-0.6%	0.8%
CSR Activities	15.14	2.88		425.7%	0.3%	0.1%
Total SGA	794.53	691.21		14.9%	18.3%	19.3%
EBIDTA	948.98	776.93		22.1%	21.8%	21.8%
Depreciation	111.92	104.85		6.7%	2.6%	2.9%
Amortization	115.67	131.96		-12.3%	2.6%	3.7%
EBIT	721.39	540.12		33.6%	16.6%	15.2%
Other Income	99.52	79.56		25.1%	2.3%	2.2%
Exchange Gain/(Loss)	133.24	183.44		-27.4%	3.0%	5.1%
PBT	954.15	803.12		18.8%	21.9%	22.5%
Tax	266.11	232.17		14.6%	6.1%	6.5%
PAT	688.04	570.95		20.5%	15.8%	16.0%

Consolidated Balance Sheet



	As at June 30, 2014	As at March 31, 2014	As at June 30, 2013
Equity and Liabilities			
Equity Share Capital	400.00	400.00	400.00
Reserves & Surplus	12,478.24	11,823.44	10,058.61
Non-Current Liabilities	433.55	425.69	702.26
Current Liabilities	2,852.77	2,784.71	2,264.43
Total sources of Funds	16,164.56	15,433.84	13,425.30
Assets			
Fixed Assets	4,333.71	4,384.69	4,744.92
Deferred Tax asset (Net)	260.80	260.12	223.33
Long term loans & advances	85.85	137.97	180.07
Current Assets	4,850.22	4,340.49	3,705.58
Cash & Investments	6,633.98	6,310.57	4,571.40
Total application of Funds	16,164.56	15,433.84	13,425.30

Key Financials Ratios: Q1 FY15



Ratios, %	Q1 FY15	Q4 FY14	Change QoQ	Q1 FY14	Change YoY
Gross Margin	40.1%	42.8%	-2.7%	41.1%	-1.0%
S&M to Revenue	8.9%	7.6%	1.3%	8.9%	0.0%
G&A to Revenue	9.4%	8.2%	1.2%	10.4%	-1.0%
Total S G&A to Revenue	18.3%	15.8%	2.5%	19.3%	-1.0%
EBIDTA Margin	21.8%	27.0%	-5.2%	21.8%	0.0%
EBIT Margin	16.6%	21.1%	-4.5%	15.2%	1.4%
Profit before Tax	21.9%	20.7%	1.2%	22.5%	-0.6%
Profit after Tax	15.8%	15.1%	0.7%	16.0%	-0.2%
EPS - Basic, Before Prior Period, INR	17.53	17.18		14.74	
EPS - Diluted, Before Prior Period, INR	17.20	16.80		14.27	



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Fact Sheet

Fact Sheet



	Nos./%	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	FY 14	FY 13
Revenue								
Revenue (USD M)		72.66	72.64	69.94	68.45	63.03	274.06	237.82
% , q-o-q/ y-o-y growth		0.0%	3.9%	2.2%	8.6%	1.5%	15.2%	14.7%
Revenue, (Rs. M)		4,349.87	4,467.37	4,327.57	4,323.71	3,572.88	16,691.53	12,945.12
% , q-o-q / y-o-y		-2.6%	3.2%	0.1%	21.0%	7.0%	28.9%	29.4%

Business Offerings: Revenue Mix	%	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	FY 14	FY 13
Services		80.0%	80.4%	82.2%	80.9%	84.9%	82.0%	82.8%
IP Led		20.0%	19.6%	17.8%	19.1%	15.1%	18.0%	17.2%
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segments : Revenue Mix	%	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	FY 14	FY 13
Telecom		18.5%	15.3%	18.0%	17.6%	20.7%	17.8%	25.3%
Infrastructure and Systems		54.6%	71.6%	68.9%	69.2%	69.1%	69.7%	64.2%
Life Sciences		13.1%	13.1%	13.1%	13.2%	10.2%	12.5%	10.5%
Financial Services*		13.8%	-	-	-	-	-	-
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* Financial Services segment disclosure started from current quarter.

Fact Sheet (Contd...)



Geography: Revenue Mix	%	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	FY 14	FY 13
North Americas		85.9%	85.4%	83.1%	84.6%	87.6%	85.1%	84.8%
Europe		6.5%	6.1%	6.0%	4.4%	4.8%	5.4%	6.5%
ROW		7.6%	8.5%	10.9%	11.0%	7.6%	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	%	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	FY 14	FY 13
Onsite		23.1%	21.4%	20.5%	20.6%	21.2%	20.9%	18.2%
Offshore		56.9%	59.0%	61.7%	60.3%	63.7%	61.1%	64.6%
IP Led		20.0%	19.6%	17.8%	19.1%	15.1%	18.0%	17.2%
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Repeat Business	%	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	FY 14	FY 13
		86.7%	85.2%	82.7%	82.2%	83.0%	83.3%	82.7%

Fact Sheet (Contd...)



Clients ¹ billed	Nos.	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	FY 14	FY 13
Services		260	261	253	243	253	365	406
IP Led		347	358	380	388	387	550	510

¹ includes one time clients with overlap across business offerings

Revenue Concentration	%	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	FY 14	FY 13
Top 1		20.8%	21.1%	19.8%	22.5%	21.2%	21.2%	20.4%
Top 5		38.7%	39.4%	36.9%	37.7%	36.4%	37.1%	34.7%
Top 10		49.0%	48.5%	46.9%	47.2%	47.3%	47.0%	46.0%

Client Engagement Size	Nos.	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	FY 14	FY 13
Large > \$ 3Mn		14	15	16	16	15	15	15
Medium > \$ 1Mn, < \$ 3Mn		38	36	34	32	30	36	29

Fact Sheet (Contd...)



Yield ²	USD / PPM							
	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	FY 14	FY 13	FY 13
	3,915	3,927	3,934	3,919	3,602	3,847	3,686	3,686

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

Billing Rates ³	USD / PPM							
	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	FY 14	FY 14	FY 13
Onsite - Linear	14,905	14,355	14,510	14,277	14,538	14,416	13,119	13,119
Offshore - Linear	4,219	4,241	4,179	4,146	4,147	4,178	4,057	4,057

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

Attrition Rate	%							
	Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	FY 14	FY 14	FY 13
(TTM basis)	14.0%	13.4%	13.2%	14.0%	14.2%	13.4%	14.4%	14.4%



Fact Sheet (Contd...)

People Numbers		Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	FY 14	FY 13
Nos.								
Technical		7,271	7,349	7,109	6,982	6,689	7,349	6,540
Sales & Business Development		202	150	139	128	119	150	99
Others		403	358	354	347	336	358	331
Total		7,876	7,857	7,602	7,457	7,144	7,857	6,970

DSO		Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	FY 14	FY 13
Nos.								
Days		69	63	63	62	65	63	65

Fact Sheet (Contd...)



Efforts Mix - Linear		Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	FY 14	FY 13
Nos.								
Billable Person Months		16,139	16,155	15,517	15,258	15,161	62,091	55,541
- Onsite		1,283	1,246	1,152	1,106	1,081	4,585	3,718
- Offshore		14,856	14,909	14,365	14,152	14,080	57,506	51,823
Billed Person Months		10,925	11,183	11,310	10,933	10,607	44,033	41,176
- Onsite		1,128	1,083	989	989	919	3,980	3,294
- Offshore		9,797	10,100	10,321	9,944	9,688	40,053	37,882
Linear Utilization (Blended)		67.7%	69.2%	72.9%	71.7%	70.0%	70.9%	74.1%
Onsite Utilization %		88.0%	86.9%	85.9%	89.4%	84.9%	86.8%	88.6%
Offshore Utilization%		65.9%	67.7%	71.8%	70.3%	68.8%	69.7%	73.1%

IP Led		Q1FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	FY 14	FY 13
Nos.								
IP Led Person Months		2,419	2,343	2,260	2,210	2,335	9,148	8,974

Persistent owned facilities



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