



PERSISTENT

Persistent Systems Limited

Quarter ending March 31, 2016

April 24, 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 –Annual and Q4 FY16 Performance



Annual Performance

- USD Revenue grew by 14.0% to USD 351.65 Million
- INR Revenue grew by 22.3% to INR 23,123.31 Million
- EBIDTA grew by 6.9% to INR 4,171.07 Million
- Profit before Tax (PBT) grew by 1.4% to INR 3,956.27 Million
- Profit after Tax (PAT) grew by 2.3% to INR 2,973.61 Million

Quarterly Performance

- USD Revenue grew by 12.0% QoQ and 25.5% YoY to USD 100.43 Million
- INR Revenue grew by 14.4% QoQ and 36.1% YoY to INR 6,771.10 Million
- EBIDTA dipped by 3.3% QoQ and grew by 6.9% YoY to INR 1,074.02 Million
- Profit before Tax (PBT) grew by 0.3% QoQ and 7.3% YoY to INR 1,027.90 Million
- Profit after Tax (PAT) grew by 4.3% QoQ and 6.3% YoY to INR 808.07 Million

Key Highlights



- Announcement at IBM Interconnect of our alliance with IBM IoT to launch specialized Engineering Services for IBM Watson IoT platform
- Acquisitions of PRM Cloud Solutions (an Australia-based Salesforce partner and cloud application development firm) and GenWi (a flexible and customizable platform that delivers superior user experience)
- Partnership with ReachNet to Demonstrate Innovative Research Specific Informatics Infrastructure at HIMSS 2016 Conference in Las Vegas.
- Anand Deshpande recognized for his visionary leadership by inclusion in Business Today's "India's Best CEOs" list. He was one of the two finalists in the EY India Entrepreneur of the Year 2015 award.
- Anand Deshpande awarded the Lokmat Maharashtra Business Person of the Year.

Sequential Q4 FY16 Vs. Q3 FY16



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Particulars	Q4FY16	Q3FY16	Change	Exps / Sales %	
			QoQ	Q4FY16	Q3FY16
Revenue (\$ M)					
Services	72.11	71.62	0.7%		
IP Led	28.32	18.03	57.1%		
Revenue (\$ M)	100.43	89.65	12.0%		
Avg. Exchange Rate Rs. /US\$	67.42	66.04	2.1%		
Revenue (Rs. M)	6,771.10	5,920.74	14.4%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	4,028.30	3,323.69	21.2%	59.5%	56.1%
Purchase / Royalty	111.66	123.17	-9.3%	1.6%	2.1%
Project related Travel Expenses	213.51	175.53	21.6%	3.2%	3.0%
Total Direct costs	4,353.47	3,622.39	20.2%	64.3%	61.2%
Gross Profit	2,417.63	2,298.35	5.2%	35.7%	38.8%
Sales & Marketing Exps	617.73	575.62	7.3%	9.1%	9.7%
Admin. & Other Exps	732.69	584.90	25.3%	10.8%	9.9%
Doubtful Debt Provision	(23.54)	4.82	-588.4%	-0.3%	0.1%
CSR Activities	16.73	22.56	-25.8%	0.2%	0.4%
Total SGA	1,343.61	1,187.90	13.1%	19.8%	20.1%
EBIDTA	1,074.02	1,110.45	-3.3%	15.9%	18.8%
Depreciation	144.33	150.14	-3.9%	2.1%	2.5%
Amortization	111.59	96.33	15.8%	1.6%	1.6%
EBIT	818.10	863.98	-5.3%	12.1%	14.6%
Other Income / (Loss)	245.53	118.51	107.2%	3.6%	2.0%
Exchange Gain/(Loss)	(35.73)	41.95	-185.2%	-0.5%	0.7%
PBT	1,027.90	1,024.44	0.3%	15.2%	17.3%
Tax	219.83	249.55	-11.9%	3.2%	4.2%
PAT	808.07	774.89	4.3%	11.9%	13.1%

YoY comparison Q4 FY16 Vs. Q4 FY15



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Particulars	Q4FY16	Q4FY15	Change	Exps / Sales %	
			QoQ	Q4FY16	Q4FY15
Revenue (\$ M)					
Services	72.11	65.54	10.0%		
IP Led	28.32	14.49	95.4%		
Revenue (\$ M)	100.43	80.03	25.5%		
Avg. Exchange Rate Rs. /US\$	67.42	62.16	8.5%		
Revenue (Rs. M)	6,771.10	4,974.53	36.1%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	4,028.30	2,758.20	46.0%	59.5%	55.4%
Purchase / Royalty	111.66	77.51	44.1%	1.6%	1.6%
Project related Travel Expenses	213.51	139.08	53.5%	3.2%	2.8%
Total Direct costs	4,353.47	2,974.79	46.3%	64.3%	59.8%
Gross Profit	2,417.63	1,999.74	20.9%	35.7%	40.2%
Sales & Marketing Exps	617.73	493.11	25.3%	9.1%	9.9%
Admin. & Other Exps	732.69	474.07	54.6%	10.8%	9.5%
Doubtful Debt Provision	(23.54)	14.27	-265.0%	-0.3%	0.3%
CSR Activities	16.73	13.53	23.7%	0.2%	0.3%
Total SGA	1,343.61	994.98	35.0%	19.8%	20.0%
EBIDTA	1,074.02	1,004.76	6.9%	15.9%	20.2%
Depreciation	144.33	125.81	14.7%	2.1%	2.5%
Amortization	111.59	101.45	10.0%	1.6%	2.0%
EBIT	818.10	777.50	5.2%	12.1%	15.6%
Other Income / (Loss)	245.53	130.06	88.8%	3.6%	2.6%
Exchange Gain/(Loss)	(35.73)	50.59	-170.6%	-0.5%	1.0%
PBT	1,027.90	958.15	7.3%	15.2%	19.3%
Tax	219.83	197.65	11.2%	3.2%	4.0%
PAT	808.07	760.50	6.3%	11.9%	15.3%

YTD comparison FY16 Vs. FY15



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Particulars	FY16	FY15	Change	Exps / Sales %	
			YoY	FY16	FY15
Revenue (\$ M)					
Services	277.37	249.48	11.2%		
IP Led	74.28	59.06	25.8%		
Revenue (\$ M)	351.65	308.54	14.0%		
Avg. Exchange Rate Rs. /US\$	65.76	61.30	7.3%		
Revenue (Rs. M)	23,123.31	18,912.52	22.3%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	13,171.76	10,422.47	26.4%	57.0%	55.1%
Purchase	418.57	325.89	28.4%	1.8%	1.7%
Project related Travel Expenses	714.47	568.18	25.7%	3.1%	3.0%
Total Direct costs	14,304.80	11,316.54	26.4%	61.9%	59.8%
Gross Profit	8,818.51	7,595.98	16.1%	38.1%	40.2%
Sales & Marketing Exps	2,240.69	1,764.78	27.0%	9.7%	9.3%
Admin. & Other Exps	2,322.59	1,826.15	27.2%	10.0%	9.7%
Doubtful Debt Provision	8.91	43.49	-79.5%	0.0%	0.2%
CSR Activities	75.25	58.09	29.5%	0.3%	0.3%
Total SGA	4,647.44	3,692.51	25.9%	20.1%	19.5%
EBIDTA	4,171.07	3,903.47	6.9%	18.0%	20.6%
Depreciation	570.77	482.51	18.3%	2.5%	2.6%
Amortization	394.39	456.02	-13.5%	1.7%	2.4%
EBIT	3,205.91	2,964.94	8.1%	13.9%	15.7%
Other Income / (Loss)	603.85	465.61	29.7%	2.6%	2.5%
Exchange Gain/(Loss)	146.51	469.17	-68.8%	0.6%	2.5%
PBT	3,956.27	3,899.72	1.4%	17.1%	20.6%
Tax	982.66	993.41	-1.1%	4.2%	5.3%
PAT	2,973.61	2,906.31	2.3%	12.9%	15.4%

Consolidated Balance Sheet



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Rs. Million

Particulars	As on March 31, 2016	As on March 31, 2015
Equity and Liabilities		
Equity Share Capital	800.00	800.00
Reserves and Surplus	15,592.96	13,255.29
Non-current liabilities	151.32	142.17
Current liabilities	4,521.15	3,548.67
Total Sources of Funds	21,065.43	17,746.13
Assets		
Fixed Assets	4,627.98	4,116.49
Deferred Tax Asset (Net)	232.75	312.93
Long Term loans & advances	851.05	123.21
Current Assets	6,875.70	5,028.58
Cash & Investments	8,477.95	8,164.92
Total application of Funds	21,065.43	17,746.13

Key Financials Ratios: Q4 FY16



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Ratios %	Q4 FY16	Q3 FY16	Change QoQ	Q4 FY15	Change YoY
Gross Margin	35.7%	38.8%	-3.1%	40.2%	-4.5%
S&M to Revenue	9.1%	9.7%	-0.6%	9.9%	-0.8%
G&A to Revenue	10.7%	10.4%	0.3%	10.1%	0.6%
Total S G & A to Revenue	19.8%	20.1%	-0.3%	20.0%	-0.2%
EBIDTA Margin	15.9%	18.8%	-2.9%	20.2%	-4.3%
EBIT Margin	12.1%	14.6%	-2.5%	15.6%	-3.5%
Profit before Tax	15.2%	17.3%	-2.1%	19.3%	-4.1%
Profit after Tax	11.9%	13.1%	-1.2%	15.3%	-3.4%
EPS - Basic, Before Prior Period, INR	10.10	9.73		9.59	
EPS - Diluted, Before Prior Period, INR	10.10	9.69		9.51	



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Fact sheet

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Revenue	Nos./%	Q4FY16	Q3FY16	Q2FY16	Q1FY16	Q4FY15	FY16	FY15
	Revenue USD M	100.43	89.65	82.96	78.61	80.03	351.65	308.54
	%, q-o-q/ y-o-y growth	12.0%	8.1%	5.5%	-1.8%	0.6%	14.0%	12.6%
	Revenue INR M	6,771.10	5,920.74	5,427.31	5,004.16	4,974.53	23,123.31	18,912.52
	%, q-o-q / y-o-y	14.4%	9.1%	8.5%	0.6%	0.6%	22.3%	13.3%

Business Offerings: Revenue Mix	%	Q4FY16	Q3FY16	Q2FY16	Q1FY16	Q4FY15	FY16	FY15
	Services	71.8%	79.9%	83.8%	81.6%	81.9%	78.9%	80.9%
	IP Led	28.2%	20.1%	16.2%	18.4%	18.1%	21.1%	19.1%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segments : Revenue Mix	%	Q4FY16	Q3FY16	Q2FY16	Q1FY16	Q4FY15	FY16	FY15
	Telecom	13.5%	16.2%	13.2%	14.9%	16.3%	14.4%	16.8%
	Infrastructure and Systems	55.7%	50.8%	54.7%	54.2%	54.5%	53.9%	55.1%
	Life Sciences	12.4%	13.7%	14.4%	14.3%	14.3%	13.6%	13.6%
	Financial Services	18.4%	19.3%	17.7%	16.6%	14.9%	18.1%	14.5%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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Geography: Revenue Mix	%	Q4FY16	Q3FY16	Q2FY16	Q1FY16	Q4FY15	FY16	FY15
	North Americas	86.1%	85.3%	86.2%	84.4%	85.4%	85.5%	85.5%
	Europe	6.7%	6.3%	6.8%	6.3%	6.8%	6.5%	6.7%
	ROW	7.2%	8.4%	7.0%	9.3%	7.8%	8.0%	7.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Industry Classification	Nos.	Q4FY16	Q3FY16	Q2FY16	Q1FY16	Q4FY15	FY16	FY15
	ISV	45.8%	51.3%	57.2%	57.0%	57.8%	52.4%	58.6%
	Enterprise	26.0%	28.6%	26.6%	24.6%	24.1%	26.5%	22.3%
	IP Led	28.2%	20.1%	16.2%	18.4%	18.1%	21.1%	19.1%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Revenue by delivery centres	%	Q4FY16	Q3FY16	Q2FY16	Q1FY16	Q4FY15	FY16	FY15
	Global Delivery Centers	26.3%	29.8%	29.5%	26.8%	26.2%	28.0%	24.8%
	India	45.5%	50.1%	54.3%	54.8%	55.7%	50.8%	56.1%
	IP Led	28.2%	20.1%	16.2%	18.4%	18.1%	21.2%	19.1%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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Repeat Business	%	Q4FY 16	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	FY 16	FY 15
		82.1%	82.0%	86.2%	88.7%	85.6%	84.5%	85.0%

Clients billed ¹	Nos.	Q4FY 16	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	FY 16	FY 15
	Services	319	337	311	277	268	451	383
	IP Led	353	291	299	310	326	539	498

¹ includes one time clients with overlap across business offerings

Revenue Concentration	%	Q4FY 16	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	FY 16	FY 15
	Top 1	25.4%	17.4%	17.6%	18.1%	16.5%	19.9%	18.4%
	Top 5	40.8%	34.3%	35.4%	36.0%	34.1%	36.6%	35.8%
	Top 10	49.6%	44.1%	44.7%	45.6%	43.2%	45.5%	45.2%

Client Engagement Size	Nos.	Q4FY 16	Q3FY 16	Q2FY 16	Q1FY 16	Q4FY 15	FY 16	FY 15
	Large > \$ 3Mn	18	19	17	15	14	18	14
	Medium > \$ 1Mn, < \$ 3Mn	42	44	46	52	48	42	48

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Yield ²	USD / PPM	Q4FY16	Q3FY16	Q2FY16	Q1FY16	Q4FY15	FY16	FY15
			4,849	4,428	4,346	4,134	4,272	4,448

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

Revenue per Billed PM ³	USD / PPM	Q4FY16	Q3FY16	Q2FY16	Q1FY16	Q4FY15	FY16	FY15	
	Global Delivery Centers - Linear		14,574	14,717	15,075	15,321	15,159	14,891	14,952
	India - Linear		4,275	4,217	4,251	4,146	4,199	4,223	4,222

³ Revenue per billed person month exclude IP Led revenue and are calculated on Services revenue including contractual reimbursable portion.

Attrition Rate	%	Q4FY16	Q3FY16	Q2FY16	Q1FY16	Q4FY15	FY16	FY15
	(TTM basis)		16.4%	17.1%	17.1%	16.4%	15.5%	16.4%

People Numbers	Nos.	Q4FY16	Q3FY16	Q2FY16	Q1FY16	Q4FY15	FY16	FY15
	Technical	8,618	8,334	7,905	7,810	7,861	8,618	7,861
	Sales & Marketing	201	203	208	216	224	201	224
	Others	445	429	432	428	421	445	421
	Total	9,264	8,966	8,545	8,454	8,506	9,264	8,506

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DSO	Nos.	Q4FY16	Q3FY16	Q2FY16	Q1FY16	Q4FY15	FY16	FY15
Days		62	69	68	67	64	62	64

Efforts Mix - Linear	Nos.	Q4FY16	Q3FY16	Q2FY16	Q1FY16	Q4FY15	FY16	FY15
	Billable Person Months	16,631	16,718	16,066	16,138	16,063	65,553	64,248
	- Global Delivery Centers	2,108	2,097	1,854	1,623	1,551	7,682	5,754
	- India	14,523	14,621	14,212	14,515	14,512	57,871	58,493
	Billed Person Months	12,504	12,457	12,226	11,764	11,999	48,950	46,094
	- Global Delivery Centers	1,811	1,817	1,621	1,374	1,383	6,623	5,113
	- India	10,693	10,640	10,605	10,390	10,616	42,327	40,981
	Linear Utilization (Blended)	75.2%	74.5%	76.1%	72.9%	74.7%	74.7%	71.7%
	Global Delivery Centers %	85.9%	86.6%	87.4%	84.7%	89.2%	86.2%	88.9%
	India Utilization%	73.6%	72.8%	74.6%	71.6%	73.2%	73.1%	70.1%

IP Led	Nos.	Q4FY16	Q3FY16	Q2FY16	Q1FY16	Q4FY15	FY16	FY15
IP Led Person Months		4,082	3,526	3,021	2,880	2,672	13,509	10,207



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Thank You