



PERSISTENT
Partners in Innovation

Persistent Systems Limited

Quarter Ending September 30, 2012

October 18, 2012

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.

Executive Summary



- Top line grew by 9.4% Q-o-Q aided by robust growth of IP Led revenue
- IP Led business has shown a stellar performance with a Q-o-Q growth of 48.5% and it constitutes 19% of Q2FY13 revenue
- Gross Margin maintained at 44% despite 9.9% pay-hike and adverse currency headwinds in the quarter
- EBIDTA and EBIT Margins expanded by 40 bps and 80 bps respectively due to better utilisation of resources
- Improved collections from customers brought down DSO to 64 days from 68 days



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Highlights

Financial Highlights* : Q2 FY13



Quarter ended September 30, 2012

- Revenue was US\$ 60.05 Million, representing a Y-o-Y growth of 16.5%, and Q-o-Q growth of 9.4%
- Revenue was ₹ 3,268.64 Million representing a Y-o-Y growth of 37.2%, and Q-o-Q growth of 8.7%
- IP led Revenue for the quarter was US\$ 11.36 Million as against US\$ 7.65 Million for the previous quarter, representing a Q-o-Q growth of 48.5%
- EBIDTA was ₹ 890.20 Million, representing a Y-o-Y growth of 96.3%, and Q-o-Q growth of 10.3%
- PBT was ₹ 622.79 Million, representing a Y-o-Y growth of 38%, and Q-o-Q growth of 8.2%
- PAT was ₹ 446.47 Million, representing a Y-o-Y growth of 37.8%, and Q-o-Q growth of 7.4%

*Consolidated Figures

Financial Highlights* : H1 FY13



Half year ended September 30, 2012

- Revenue was US\$ 114.96 Million, as against US\$ 101.53 Million for half year ended September 30, 2011, representing a growth of 13.2%.
- Revenue was ₹ 6,275.68 Million, as against ₹ 4,619.57 Million for half year ended September 30, 2011, representing a growth of 35.8%.
- EBIDTA was ₹ 1,696.93 Million, as against ₹ 854.56 Million for half year ended September 30, 2011, representing a growth of 98.6%.
- PBT was ₹ 1,198.26 Million, against ₹ 851.50 Million for half year ended September 30, 2011, representing a growth of 40.7%.
- PAT was ₹ 862.25 Million, against ₹ 599.79 Million for half year ended September 30, 2011, representing a growth of 43.8%.

*Consolidated Figures

Q2 FY13 : Business Highlights



- Acquired Doyenz's rCloud innovative cloud platform business continuity solution which provides backup and disaster recovery for physical and virtual servers.
- Company's Big Data team designed and implemented an end to end analytics process for Aamir Khan's pioneering show "Satyamev Jayate" capturing impressions across various web and social channels.
- Expanded SMB social enterprise services to include Salesforce Chatter enablement, collaboration portal development, Radian 6 and Salesforce Site.com implementation services to help businesses better engage with and listen to their customers.
- Strengthened management team with the appointment of Nara Rajagopalan as Chief Product Officer, who will be responsible for IP led Business and product takeovers.
- Announced Alan Turing centenary celebrations.

Awards and Recognitions in Q2 FY13



Won the Golden Peacock Award for Excellence in Corporate Governance – 2012

Named in the 2012 Global Services 100 List (GS100) for the second consecutive year; recognized as a Leading Global Outsourced Product Development (OPD) Vendor and a Specialty Application Development and Management (ADM) Vendor

Recognized by Zinnov (i) as a 'Leading Player' in the Software/ISV R&D and Consumer Software Segments (ii) in the 'Breakout Zone' as a Leading Telecommunication R&D Service Provider (iii) in the 'Nurture Zone' as a Healthcare R&D Service Provider (iv) in the 'Execution Zone' for its deep expertise in cloud and enterprise mobility.



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Financial Performance

Sequential Q2 FY13 Vs Q1 FY13

Particulars	Q2FY13	Q1FY13	Exps / Sales %		Change
			Q2FY13	Q1FY13	QoQ
Revenue (\$ M)	60.05	54.91			9.4%
Avg. Exchange Rate ₹ /US\$	54.43	54.76			-0.6%
Revenue (₹ M)	3,268.64	3,007.04			8.7%
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	1,656.25	1,539.60	50.7%	51.2%	7.6%
Purchase	96.58	57.91	3.0%	1.9%	66.8%
Project related Travel Expenses	74.80	87.89	2.2%	2.9%	-14.9%
Total Direct costs	1,827.63	1,685.40	55.9%	56.0%	8.4%
Gross Profit	1,441.01	1,321.64	44.1%	44.0%	9.0%
Sales & Marketing Exps	233.51	217.53	7.1%	7.2%	7.3%
Admin. & Other Exps	261.15	254.23	8.0%	8.5%	2.7%
Doubtful Debt Provision	41.60	40.20	1.3%	1.3%	3.5%
CSR Activities	14.55	2.95	0.4%	0.1%	393.2%
Total SGA	550.81	514.91	16.8%	17.1%	7.0%
EBIDTA	890.20	806.73	27.3%	26.9%	10.3%
Depreciation	189.06	184.52	5.8%	6.1%	2.5%
EBIT	701.14	622.21	21.5%	20.8%	12.7%
Other Income / (Loss)	82.25	74.57	2.5%	2.5%	10.3%
Exchange Gain/(Loss)	(160.60)	(121.31)	-4.9%	-4.0%	32.4%
PBT	622.79	575.47	19.1%	19.3%	8.2%
Tax	176.32	159.68	5.4%	5.3%	10.4%
PAT	446.47	415.79	13.7%	14.0%	7.4%

Y-o-Y Q2 FY13 Vs Q2 FY12

Particulars	Q2 FY13	Q2FY12	Exps / Sales %		Change YoY
			Q2FY13	Q2FY12	
Revenue (\$ M)	60.05	51.53			16.5%
Avg. Exchange Rate ₹ /US\$	54.43	46.22			17.8%
Revenue (₹ M)	3,268.64	2,381.73			37.2%
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	1,656.25	1,430.46	50.7%	60.1%	15.8%
Purchase	96.58	7.04	3.0%	0.3%	1271.9%
Project related Travel Expenses	74.80	57.51	2.2%	2.4%	30.1%
Total Direct costs	1,827.63	1,495.01	55.9%	62.8%	22.2%
Gross Profit	1,441.01	886.72	44.1%	37.2%	62.5%
Sales & Marketing Exps	233.51	167.08	7.1%	7.0%	39.8%
Admin. & Other Exps	261.15	235.52	8.0%	9.9%	10.9%
Doubtful Debt Provision	41.60	17.65	1.3%	0.7%	135.7%
CSR Activities	14.55	12.97	0.4%	0.5%	12.2%
Total SGA	550.81	433.22	16.8%	18.1%	27.1%
EBIDTA	890.20	453.50	27.3%	19.1%	96.3%
Depreciation	189.06	139.51	5.8%	5.9%	35.5%
EBIT	701.14	313.99	21.5%	13.2%	123.3%
Other Income / (Loss)	82.25	73.85	2.5%	3.1%	11.4%
Exchange Gain/(Loss)	(160.60)	63.32	-4.9%	2.7%	-353.6%
PBT	622.79	451.16	19.1%	19.0%	38.0%
Tax	176.32	127.05	5.4%	5.3%	38.8%
PAT	446.47	324.11	13.7%	13.7%	37.8%

H1 FY13 Vs H1 FY12



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Particulars	H1FY13	H1FY12	Exps / Sales %		Change YoY
			H1FY13	H1FY12	
Revenue (\$ M)	114.96	101.53			13.2%
Avg. Exchange Rate ₹ /US\$	54.59	45.50			
Revenue (₹ M)	6,275.68	4,619.57			35.8%
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	3,195.85	2,757.93	50.9%	59.7%	15.9%
Purchase	154.49	16.13	2.5%	0.3%	857.8%
Project related Travel Expenses	162.69	125.06	2.5%	2.8%	30.1%
Total Direct costs	3,513.03	2,899.12	55.9%	62.8%	21.2%
Gross Profit	2,762.65	1,720.45	44.1%	37.2%	60.6%
Sales & Marketing Exps	451.04	344.32	7.2%	7.5%	31.0%
Admin. & Other Exps	515.38	473.86	8.2%	10.1%	8.8%
Doubtful Debt Provision	81.80	34.67	1.3%	0.8%	135.9%
CSR Activities	17.50	13.04	0.3%	0.3%	34.2%
Total SGA	1,065.72	865.89	17.0%	18.7%	23.1%
EBIDTA	1,696.93	854.56	27.1%	18.5%	98.6%
Depreciation	373.58	265.96	6.0%	5.8%	40.5%
EBIT	1,323.35	588.60	21.1%	12.7%	124.8%
Other Income / (Loss)	156.82	135.58	2.5%	2.9%	15.7%
Exchange Gain/(Loss)	(281.91)	127.32	-4.5%	2.8%	-321.4%
PBT	1,198.26	851.50	19.1%	18.4%	40.7%
Tax	336.01	251.71	5.4%	5.4%	33.5%
PAT	862.25	599.79	13.7%	13.0%	43.8%

Consolidated Balance Sheet



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₹ Mn

	As at September 30, 2012	As at September 30, 2011	As at March 31, 2012
Equity and Liabilities			
Equity Share Capital	400.00	400.00	400.00
Reserves & Surplus	9,147.57	7,435.71	8,005.12
Non-Current Liabilities	85.67	56.03	77.41
Current Liabilities	1,566.68	1,686.48	1,660.41
Total sources of Funds	11,199.92	9,578.22	10,142.94
Assets			
Fixed Assets	3,632.92	3,264.66	3,724.80
Deferred Tax asset (Net)	169.13	71.16	106.57
Long term loans & advances	136.45	140.87	230.94
Current Assets	3,389.18	2,866.71	2,665.82
Cash & Investments	3,872.24	3,234.82	3,414.81
Total uses of Funds	11,199.92	9,578.22	10,142.94

Key Financials Ratios: Q2 FY13



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Ratios, %	Q2 FY13	Q1 FY13	QoQ, %	Q2 FY12	YoY%
Gross Margin	44.1%	44.0%	0.1%	37.2%	6.9%
S&M to Revenue	7.1%	7.2%	0.1%	7.0%	-0.1%
G&A to Revenue	9.7%	9.9%	0.2%	11.1%	1.4%
Total S, G&A to Revenue	16.8%	17.1%	0.3%	18.1%	1.3%
EBIDTA Margin	27.3%	26.9%	0.4%	19.1%	8.2%
EBIT Margin	21.5%	20.8%	0.7%	13.2%	8.3%
Profit before Tax	19.1%	19.3%	-0.2%	19.0%	0.1%
Profit after Tax	13.7%	14.0%	-0.3%	13.7%	0.0%
EPS - Basic, Before Prior Period, INR	11.58	10.80		8.48	
EPS - Diluted, Before Prior Period, INR	11.16	10.39		8.10	



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Fact Sheet

Fact Sheet



Revenue		Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11
	Total Revenue, US \$ Mn	60.05	54.91	54.20	51.66	51.53	207.39	170.24
	%, q-o-q/ y-o-y growth	9.4%	1.3%	4.9%	0.3%	3.1%	21.8%	33.7%
	Revenue from Operations, INR Mn	3,268.64	3,007.04	2,706.24	2,677.30	2,381.73	10,003.11	7,758.41
%, q-o-q	8.7%	11.1%	1.1%	12.4%	6.4%	28.9%	29.1%	

Segments	%	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11
	Telecom	28.0%	24.2%	21.0%	20.4%	22.0%	21.4%	20.6%
	Infrastructure and Systems	62.4%	64.3%	67.6%	67.1%	67.4%	67.5%	68.6%
	Life Sciences	9.6%	11.5%	11.4%	12.5%	10.6%	11.1%	10.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fact Sheet (Contd...)



Geography	%	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11
	North America	84.6%	84.4%	82.4%	82.9%	82.0%	82.5%	85.6%
	Europe	7.4%	6.9%	6.8%	7.2%	7.8%	7.3%	5.9%
	Asia-Pacific	8.0%	8.7%	10.8%	9.9%	10.2%	10.2%	8.5%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Onsite: Offshore Mix ¹	%	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11
	Onsite	17.6%	19.3%	19.9%	20.6%	20.7%	20.7%	20.7%
	Offshore	63.5%	66.7%	68.0%	70.2%	71.7%	70.5%	70.5%
	IP led	18.9%	13.9%	12.1%	9.2%	7.6%	8.8%	8.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

¹ Onsite/Offshore revenue mix has been restated considering IP Led revenue as a separate category.

Fact Sheet (Contd...)



Revenue Mix	%	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11
	T&E	73.2%	78.6%	79.8%	79.0%	80.4%	79.7%	78.6%
	FPP	7.9%	7.5%	8.1%	11.8%	12.0%	11.5%	12.6%
	IP driven	18.9%	13.9%	12.1%	9.2%	7.6%	8.8%	8.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Repeat Business	%	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11
		81.7%	90.3%	83.9%	88.2%	92.8%	90.4%	93.7%

Fact Sheet (Contd...)



Client Engagement Size	Nos.	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11
	Large > \$ 3Mn	15	13	11	10	10	11	9
	Medium > \$ 1Mn, < \$ 3Mn	32	35	26	27	32	26	22
	Small Upto \$ 1 Mn	246	243	251	236	211	314	271
	Total	293	291	288	273	253	351	302

DSO	Days	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11
		64	68	65	68	66	65	62

Billing Rates	USD/p.p.m	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11
	Onsite - Linear	12,863	12,789	12,603	12,387	12,665	12,669	12,644
	Offshore - Linear	3,978	3,898	3,895	3,778	3,771	3,803	3,648

Fact Sheet (Contd...)

Yield ²	USD/p.p.m	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11
			3,746	3,345	3,350	3,247	3,208	3,238

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

Revenue Concentration	%	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11
	Top 1	20.7%	17.8%	17.2%	15.9%	16.0%	16.1%	15.4%
	Top 5	36.3%	33.5%	36.6%	37.0%	38.6%	37.4%	38.4%
	Top 10	47.0%	45.3%	48.8%	48.3%	49.4%	48.6%	49.7%

People Numbers	Nos.	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11
	Technical	5,956	6,132	6,223	6,288	6,469	6,223	5,950
	Sales & Business Development	99	94	95	103	113	95	108
	Rest	315	310	310	315	318	310	302
	Grand Total	6,370	6,536	6,628	6,706	6,900	6,628	6,360

Fact Sheet (Contd...)

Investment in IP Led work	%	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11
	Technical time spent		4.7%	5.4%	4.6%	6.0%	5.5%	5.2%

Utilization ³	%	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11
			77.7%	74.1%	71.7%	74.1%	73.8%	73.1%

³Excludes Investment person-months in IP Led work

Attrition Rate	%	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11
			16.9%	18.9%	18.3%	17.4%	17.7%	18.3%

Person Months ⁴	Nos.	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11	
	Billable		15,164	15,414	15,343	14,887	15,034	60,265	50,241
	Billed		11,783	11,422	10,998	11,031	11,097	44,037	37,014

⁴Excludes Investment person-months in IP Led work



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Thank you

Persistent owned facilities



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Bhageerath



Senapati Bapat Road, Pune

Aryabhata–Pingala



Karve Road, Pune

Panini



Senapati Bapat Road, Pune

Goa



Verna, Goa

Rigveda-Yajurveda-Samaveda-Atharvaveda



Hinjawadi, Pune

Gargi-Maitreyi



MIDC, Parsodi, Nagpur