



**PERSISTENT**  
Partners in Innovation

# Persistent Systems Limited

Quarter ending March 31, 2013

April 22, 2013

# 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.



PERSISTENT

# Key Highlights

# Key Highlights

- Revenue for FY13 stands at Rs. 12,945.12 Million as against Rs. 10,003.11 Million for FY12, representing a growth of 29.4%
- Revenue for FY13 stands at US\$ 237.82 Million as against US\$ 207.39 Million for FY12, representing a growth of 14.7%
- IP-led Revenue doubles during the year as compared to FY12
- EBIDTA for FY13 stands at Rs. 3,351.91 Million as against Rs. 2,324.03 Million for FY12, representing a growth of 44.2%
- Profit Before Tax (PBT) for FY13 stands at Rs. 2,629.88 Million, as against Rs. 1,968.68 Million for FY12, representing a growth of 33.6%
- Profit After Tax (PAT) for FY13 stands at Rs. 1,876.18 Million, as against Rs. 1,417.80 Million for FY12, representing a growth of 32.3%
- Diluted EPS for FY13 stands at Rs. 46.90, as against Rs. 35.45 for FY12, representing a growth of 32.3%

# Key Highlights

- Recommends a final dividend of Rs. 3 per share. Total dividend for the year (including interim dividend paid of Rs. 6 per share) would be Rs. 9 per share (Payout Ratio of 22.3%) upon approval of the shareholders for the payment of final dividend
- Enhances CSR contribution from 1% to 1.25% of previous year Consolidated Net Profit
- Mritunjay Singh joins as the Joint Chief Operating Officer
- Announces licensing agreement with Hewlett Packard for HP Client Automation (HPCA) software
- Launches Persistent Ventures as a division of Persistent Systems Limited. Persistent Ventures will focus on innovations and new technologies and invest in early stage ventures building intellectual property related to platform solutions
- To host 'Inclusive Innovations 2013', a conference aimed at bringing grass root innovations to the masses on December 10 & 11, 2013 in Pune. This is in association with Maharashtra University of Health Sciences, Nashik, University of Pune, University of Mumbai, Dr. B. A. Marathwada University, Aurangabad

# Key Highlights

- Expands presence in Goa by acquiring a new building
- Expands India presence by opening a Development Centre in Bengaluru
- Plans near-shore Delivery centre in the US
- Continues to support research at Indiana University, Bloomington, US
- Inducts Independent Director Pradeep Bhargava as a Trustee of Persistent Foundation
- Appoints Amit Atre as the Company Secretary and Compliance Officer in place of Vivek Sadhale effective June 1, 2013. Vivek Sadhale's last date as an employee will be June 30, 2013. He will continue to be closely associated with Persistent Systems through the Law Firm that he intends to start
- Effective July 1, 2013, Rohit Kamat, Chief Financial Officer, will head the Investor Relations function

# Awards and Recognitions



- Recognized by IDG's Computerworld Honors Program as a "2013 Computerworld Honors Laureate" in the Emerging Technology category
- Named a "Leader" in the IAOP 2013 Global Outsourcing 100. IAOP Recognizes Persistent Systems as One of the Best Leaders in Research & Development Services and also named a "Leader" in the IAOP 2013 Global Outsourcing 100
- Won the Tata Institute of Social Sciences LeapVault CLO Award for Best Corporate University in the "Emerging" category for Persistent Systems' Learning & Development Practices
- Won the Indian Human Capital Awards 2012 – Best CSR Strategy and 'ET Now Award for HR Practices in CSR'
- Best presented Accounts and Corporate Governance Disclosures Awards from South Asian Federation of Accountants
- Ranked in top 5 companies for the third time in the row in the "ICSI National Award for Excellence in Corporate Governance"



PERSISTENT

# Financial Performance

# Sequential Q4 FY13 Vs. Q3 FY13



PERSISTENT

Particulars			Change	Exps / Sales %	
	Q4FY13	Q3FY13	QoQ	Q4FY13	Q3FY13
Revenue (\$ M)	62.11	60.75	2.2%		
Avg. Exchange Rate ₹ /US\$	53.77	54.81	-1.9%		
Revenue (₹ M)	3,339.59	3,329.85	0.3%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	1,774.86	1,774.91	0.0%	53.1%	53.3%
Purchase / Royalty	62.44	39.55	57.9%	1.9%	1.2%
Project related Travel Expenses	78.96	67.15	17.6%	2.3%	2.0%
Total Direct costs	1,916.26	1,881.61	1.8%	57.3%	56.5%
Gross Profit	1,423.33	1,448.24	-1.7%	42.7%	43.5%
Sales & Marketing Expenses	260.98	252.02	3.6%	7.8%	7.6%
Admin. & Other Expenses	343.83	319.43	7.6%	10.3%	9.6%
Doubtful Debt Provision	(12.96)	52.61	-124.6%	-0.4%	1.6%
CSR Activities	0.81	0.11	636.4%	0.0%	0.0%
Total SGA	592.66	624.17	-5.0%	17.7%	18.8%
EBIDTA	830.67	824.07	0.8%	25.0%	24.7%
Depreciation	211.48	197.80	6.9%	6.3%	5.9%
EBIT	619.19	626.27	-1.1%	18.7%	18.8%
Other Income / (Loss)	60.85	65.74	-7.4%	1.8%	2.0%
Exchange Gain / (Loss)	41.54	18.03	130.4%	1.2%	0.5%
PBT	721.58	710.04	1.6%	21.7%	21.3%
Tax	202.73	214.96	-5.7%	6.1%	6.5%
PAT	518.85	495.08	4.8%	15.6%	14.8%

# Y-o-Y Q4 FY13 Vs. Q4 FY12



PERSISTENT

Particulars			Change	Exps / Sales %	
	Q4FY13	Q4FY12	YoY	Q4FY13	Q4FY12
Revenue (\$ M)	62.11	54.20	14.6%		
Avg. Exchange Rate ₹ /US\$	53.77	49.93	7.7%		
Revenue (₹ M)	3,339.59	2,706.24	23.4%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	1,774.86	1,430.01	24.1%	53.1%	52.8%
Purchase / Royalty	62.44	12.55	397.5%	1.9%	0.5%
Project related Travel Expenses	78.96	52.74	49.7%	2.3%	1.9%
Total Direct costs	1,916.26	1,495.30	28.2%	57.3%	55.2%
Gross Profit	1,423.33	1,210.94	17.5%	42.7%	44.8%
Sales & Marketing Expenses	260.98	176.40	47.9%	7.8%	6.5%
Admin. & Other Expenses	343.83	239.58	43.5%	10.3%	8.9%
Doubtful Debt Provision	(12.96)	20.75	-162.5%	-0.4%	0.8%
CSR Activities	0.81	0.89	-9.0%	0.0%	0.0%
Total SGA	592.66	437.62	35.4%	17.7%	16.2%
EBIDTA	830.67	773.32	7.4%	25.0%	28.6%
Depreciation	211.48	185.99	13.7%	6.3%	6.9%
EBIT	619.19	587.33	5.4%	18.7%	21.7%
Other Income / (Loss)	60.85	67.90	-10.4%	1.8%	2.5%
Exchange Gain / (Loss)	41.54	(102.73)	-140.4%	1.2%	-3.8%
PBT	721.58	552.50	30.6%	21.7%	20.4%
Tax	202.73	140.33	44.5%	6.1%	5.2%
PAT	518.85	412.17	25.9%	15.6%	15.2%

# FY13 Vs. FY12



PERSISTENT

Particulars	For the Year ended		Change YoY	Exps / Sales %	
	Mar-13	Mar-12		FY 13	FY 12
Revenue (\$ M)	237.82	207.39	14.7%		
Avg. Exchange Rate ₹ /US\$	54.43	48.23	12.9%		
Revenue (₹ M)	12,945.12	10,003.11	29.4%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	6,745.62	5,639.99	19.6%	52.1%	56.4%
Purchase / Royalty	256.48	41.43	519.1%	2.0%	0.4%
Project related Travel Expenses	308.80	240.93	28.2%	2.3%	2.5%
Total Direct costs	7,310.90	5,922.35	23.4%	56.4%	59.2%
Gross Profit	5,634.22	4,080.76	38.1%	43.6%	40.8%
Sales & Marketing Expenses	964.04	689.09	39.9%	7.4%	6.9%
Admin. & Other Expenses	1,178.63	955.88	23.3%	9.1%	9.4%
Doubtful Debt Provision	121.22	95.39	27.1%	0.9%	1.0%
CSR Activities	18.42	16.37	12.5%	0.1%	0.2%
Total SGA	2,282.31	1,756.73	29.9%	17.5%	17.4%
EBIDTA	3,351.91	2,324.03	44.2%	26.1%	23.4%
Depreciation	782.86	610.96	28.1%	6.0%	6.1%
EBIT	2,569.05	1,713.07	50.0%	20.1%	17.3%
Other Income / (Loss)	283.17	271.98	4.1%	2.2%	2.7%
Exchange Gain / (Loss)	(222.34)	(16.37)	1258.2%	-1.7%	-0.2%
PBT	2,629.88	1,968.68	33.6%	20.6%	19.9%
Tax	753.70	550.88	36.8%	5.8%	5.5%
PAT	1,876.18	1,417.80	32.3%	14.8%	14.4%

# Consolidated Balance Sheet



PERSISTENT

₹ Mn

	As at March 31, 2013	As at March 31, 2012
Equity and Liabilities		
Equity Share Capital	400.00	400.00
Reserves & Surplus	9,782.55	8,005.12
Non-Current Liabilities	653.46	77.41
Current Liabilities	1,893.67	1,729.68
<b>Total sources of Funds</b>	<b>12,729.68</b>	<b>10,212.21</b>
Assets		
Fixed Assets	4,676.85	3,724.80
Deferred Tax asset (Net)	190.21	106.57
Long term loans & advances	197.69	230.94
Current Assets	3,291.12	2,735.09
Cash & Investments	4,373.81	3,414.81
<b>Total uses of Funds</b>	<b>12,729.68</b>	<b>10,212.21</b>

# Key Financials Ratios: Q4 FY13



Ratios, %	Q4 FY13	Q3 FY13	Change QoQ	Q4 FY12	Change YoY
Gross Margin	42.7%	43.5%	-0.8%	44.8%	-2.1%
S&M to Revenue	7.8%	7.6%	0.2%	6.5%	1.3%
G&A to Revenue	9.9%	11.2%	-1.3%	9.7%	0.2%
Total S, G&A to Revenue	17.7%	18.8%	-1.1%	16.2%	1.5%
EBIDTA Margin	25.0%	24.7%	0.3%	28.6%	-3.6%
EBIT Margin	18.7%	18.8%	-0.1%	21.7%	-3.0%
Profit before Tax	21.7%	21.3%	0.4%	20.4%	1.3%
Profit after Tax	15.6%	14.8%	0.8%	15.2%	0.4%
EPS - Basic, Before Prior Period, INR	13.42	12.82		10.72	
EPS - Diluted, Before Prior Period, INR	12.97	12.38		10.30	



PERSISTENT

# Fact Sheet\*

\*Changes made to the disclosures

# Fact Sheet



PERSISTENT

Revenue		Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	Q4 FY 12	FY13	FY12
	Total Revenue, US \$ Mn	62.11	60.75	60.05	54.91	54.20	237.82	207.39
	%, q-o-q/ y-o-y growth	2.2%	1.2%	9.4%	1.3%	4.9%	14.7%	21.8%
	Revenue from Operations, INR Mn	3,339.59	3,329.85	3,268.64	3,007.04	2,706.24	12,945.12	10,003.11
	%, q-o-q / y-o-y	0.3%	1.9%	8.7%	11.1%	1.1%	29.4%	28.9%

Business Offerings: Revenue Mix	Revenue	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	Q4 FY 12	FY13	FY12
	Product Engineering & Platform Solutions	82.5%	81.8%	81.1%	86.1%	87.9%	82.8%	91.2%
	IP Led	17.5%	18.2%	18.9%	13.9%	12.1%	17.2%	8.8%

Segments: Revenue Mix		Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	Q4 FY 12	FY13	FY12
	Telecom	22.8%	26.1%	28.0%	24.2%	21.0%	25.3%	21.4%
	Infrastructure and Systems	66.5%	63.4%	62.4%	64.3%	67.6%	64.2%	67.5%
	Life Sciences	10.7%	10.5%	9.6%	11.5%	11.4%	10.5%	11.1%

# Fact Sheet (Contd...)



PERSISTENT

Geography: Revenue Mix		Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	Q4 FY 12	FY13	FY12
	North America	85.1%	85.1%	84.6%	84.4%	82.4%	84.8%	82.5%
	Europe	5.7%	6.1%	7.4%	6.9%	6.8%	6.5%	7.3%
	Asia-Pacific	9.2%	8.8%	8.0%	8.7%	10.8%	8.7%	10.2%

Onsite: Offshore: IP Led Revenue Mix	%	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	Q4 FY 12	FY13	FY12
	Onsite	18.8%	17.0%	17.6%	19.3%	19.9%	18.2%	20.7%
	Offshore	63.7%	64.8%	63.5%	66.7%	68.0%	64.6%	70.5%
	IP Led	17.5%	18.2%	18.9%	13.9%	12.1%	17.2%	8.8%

Repeat Business	%	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	Q4 FY 12	FY13	FY12
		78.2%	81.4%	81.7%	90.3%	83.9%	82.7%	90.4%

# Fact Sheet (Contd...)



Clients billed <sup>1</sup>	Nos.	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	FY13
	Product Engineering & Platform Solutions	279	264	254	254	406
	IP Led	418	394	80	76	510

<sup>1</sup> includes one time clients with overlap across business offerings

Revenue Concentration	%	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	Q4 FY 12	FY13	FY12
	Top 1	21.6%	21.1%	20.7%	17.8%	17.2%	20.4%	16.1%
	Top 5	36.7%	37.3%	36.3%	33.5%	36.6%	34.7%	37.4%
	Top 10	47.9%	49.4%	47.0%	45.3%	48.8%	46.0%	48.6%

Client Engagement Size	Nos.	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	Q4 FY 12	FY13	FY12
	Large > \$ 3Mn	15	14	15	13	11	15	11
	Medium > \$ 1Mn, < \$ 3Mn	29	29	32	35	26	29	26

# Fact Sheet (Contd...)



PERSISTENT

Yield <sup>2</sup>	USD/p.p.m	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	Q4 FY 12	FY13	FY12
			3,769	3,838	3,775	3,369	3,370	3,686

<sup>2</sup> Yield is computed as a ratio of revenue to billable person months excluding employees under training. Prior period numbers are restated accordingly

Billing Rates <sup>3</sup>	USD/p.p.m	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	Q4 FY 12	FY13	FY12
	Onsite		14,014	12,772	12,863	12,789	12,603	13,113
Offshore		4,143	4,032	3,978	3,898	3,895	4,014	3,803

<sup>3</sup> Billing rates exclude IP Led Revenue

Person Months <sup>4</sup>	Nos.	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	Q4 FY 12	FY13	FY12
	Billable		16,479	15,827	15,909	16,300	16,082	64,515
Billed		10,303	10,487	10,274	10,112	10,168	41,176	41,219
IP Led		2,267	2,257	2,254	2,196	1,569	8,974	6,135

<sup>4</sup> Billable person months comprises Product Engineering, Platform Solutions and IP Led person months. For clarity, IP Led person months have also been shown separately. Prior period numbers restated accordingly

# Fact Sheet (Contd...)



PERSISTENT

People Numbers		Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	Q4 FY 12	FY13	FY12
	Technical	6,540	6,287	5,956	6,132	6,223	6,540	6,223
	Sales & Business Development	99	101	99	94	95	99	95
	Rest	331	331	315	310	310	331	310
	Grand Total	6,970	6,719	6,370	6,536	6,628	6,970	6,628

Attrition Rate	%	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	Q4 FY 12	FY13	FY12
		14.4%	16.0%	16.9%	18.9%	18.3%	14.4%	18.3%

DSO	Days	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	Q4 FY 12	FY13	FY12
		65	67	64	68	65	65	65

[www.persistentsys.com](http://www.persistentsys.com)



**PERSISTENT**

**Thank you**

# Persistent owned facilities



PERSISTENT

**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