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Partners in Innovation

Persistent Systems Limited

Quarter ending March 31, 2014

April 19, 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 – Q4 FY 14 Performance



- Revenue was USD 72.64 Million, representing a Y-o-Y growth of 17.0% and Q-o-Q growth of 3.9%.
- Revenue was INR 4,467.37 Million, representing a Y-o-Y growth of 33.8% and Q-o-Q growth of 3.2%.
- EBIDTA was INR 1,206.53 Million, representing a Y-o-Y growth of 45.2% and Q-o-Q growth of 0.8%
- Profit before Tax (PBT) was INR 923.27 Million, representing a Y-o-Y growth of 28.0% and Q-o-Q growth of 6.7%.
- Profit after Tax (PAT) was INR 671.99 Million, representing a Y-o-Y growth of 29.5% and Q-o-Q growth of 4.7%.
- Declared final dividend of INR 4 per share thereby total dividend amounting to INR 12 per share (Payout ratio 22.5%) as against INR 9 per share last year (Payout ratio 22.3%)

Key Highlights – FY 2014



- Revenue was USD 274.06 Million as against US\$ 237.82 Million for FY 2013, representing a growth of 15.2%.
- Revenue was INR 16,691.53 Million as against INR 12,945.12 Million for FY 2013, representing a growth of 28.9%.
- EBIDTA was INR 4,302.78 Million as against INR 3,351.91 Million for FY 2013, representing a growth of 28.4%
- Profit before Tax (PBT) was INR 3,426.59 Million as against INR 2,629.88 Million for FY 2013, representing a growth of 30.3%.
- Profit after Tax (PAT) was INR 2,492.77 Million as against INR 1,876.18 Million for FY 2013, representing a growth of 32.9%.
- Free Cash Flow (FCF) was INR 2226.97 Million as against INR 1007.27 Million for FY 2013, representing a growth of 121.1%

Key Highlights

- Announced creation of its Silicon Valley-based [Accelerite](#), business unit which will take a portfolio of Persistent's products and related solutions to market
- Acquired [CloudSquads](#), a company specialized in Social Community Platform offerings.
- Invested in [Hyginex](#), a hand hygiene technology startup based in California through Persistent Venture Fund.
- Selected to be Analytics Partner for Satyamev Jayate season 2, the most impactful TV show on Indian Television.
- Received the 'ICAI Award for Excellence in Financial Reporting' for the consecutive fourth year.
- Received two World CSR [Awards](#) for following the 'Best Corporate Social Responsibility Practices'; the 'Dream Employer of the Year' and 'Fun at Work' Awards at World HRD Congress; and Global HR Excellence Award for being 'Organization with Innovative HR Practices.'



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Financial Performance

Sequential Q4 FY14 Vs. Q3 FY14



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Particulars	Q4FY14	Q3FY14	Change	Exps / Sales %	
			QoQ	Q4FY14	Q3FY14
<u>Revenue (USD M)</u>					
Services	58.38	57.48	1.6%		
IP Led	14.26	12.46	14.4%		
Revenue (USD M)	72.64	69.94	3.9%		
Avg. Exchange Rate INR/USD	61.50	61.88	-0.6%		
Revenue (INR M)	4,467.37	4,327.57	3.2%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	2,325.82	2,229.91	4.3%	52.1%	51.5%
Purchase / Royalty	100.10	91.07	9.9%	2.2%	2.1%
Project related Travel Expenses	127.84	111.82	14.3%	2.9%	2.5%
Total Direct costs	2,553.76	2,432.80	5.0%	57.2%	56.1%
Gross Profit	1,913.61	1,894.77	1.0%	42.8%	43.9%
Sales & Marketing Exps	341.53	351.84	-2.9%	7.6%	8.1%
Admin. & Other Exps	355.90	338.33	5.2%	8.0%	7.8%
Doubtful Debt Provision	5.22	4.21	24.0%	0.1%	0.1%
CSR Activities	4.43	3.14	41.1%	0.1%	0.1%
Total SGA	707.08	697.52	1.4%	15.8%	16.1%
EBIDTA	1,206.53	1,197.25	0.8%	27.0%	27.8%
Depreciation	109.11	112.51	-3.0%	2.4%	2.6%
Amortization	155.15	149.51	3.8%	3.5%	3.5%
EBIT	942.27	935.23	0.8%	21.1%	21.7%
Other Income / (Loss)	67.57	76.65	-11.8%	1.5%	1.8%
Exchange Gain/(Loss)	(86.57)	(146.61)	41.0%	-1.9%	-3.4%
PBT	923.27	865.27	6.7%	20.7%	20.1%
Tax	251.28	223.29	12.5%	5.6%	5.2%
PAT	671.99	641.98	4.7%	15.1%	14.9%

Y-o-Y Q4 FY14 Vs. Q4 FY13



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Particulars	Q4FY14	Q4 FY13	Change	Exps / Sales %	
			YoY	Q4FY14	Q4 FY13
<u>Revenue (USD M)</u>					
Services	58.38	52.27	11.7%		
IP Led	14.26	9.84	44.9%		
Revenue (USD M)	72.64	62.11	17.0%		
Avg. Exchange Rate INR/USD	61.50	53.77	14.4%		
Revenue (INR M)	4,467.37	3,339.59	33.8%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	2,325.82	1,774.86	31.0%	52.1%	53.1%
Purchase	100.10	62.44	60.3%	2.2%	1.9%
Project related Travel Expenses	127.84	78.96	61.9%	2.9%	2.3%
Total Direct costs	2,553.76	1,916.26	33.3%	57.2%	57.3%
Gross Profit	1,913.61	1,423.33	34.4%	42.8%	42.7%
Sales & Marketing Exps	341.53	260.98	30.9%	7.6%	7.8%
Admin. & Other Exps	355.90	343.83	3.5%	8.0%	10.3%
Doubtful Debt Provision	5.22	(12.96)	-140.3%	0.1%	-0.4%
CSR Activities	4.43	0.81	446.9%	0.1%	0.0%
Total SGA	707.08	592.66	19.3%	15.8%	17.7%
EBIDTA	1,206.53	830.67	45.2%	27.0%	25.0%
Depreciation	109.11	106.65	2.3%	2.4%	3.2%
Amortization	155.15	104.83	48.0%	3.5%	3.1%
EBIT	942.27	619.19	52.2%	21.1%	18.7%
Other Income / (Loss)	67.57	60.85	11.0%	1.5%	1.8%
Exchange Gain/(Loss)	(86.57)	41.54	-308.4%	-1.9%	1.2%
PBT	923.27	721.58	28.0%	20.7%	21.7%
Tax	251.28	202.73	23.9%	5.6%	6.1%
PAT	671.99	518.85	29.5%	15.1%	15.6%

Performance of FY 2014 Vs. FY 2013



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Particulars	FY 2014	FY 2013	Change	Exps / Sales %	
				FY 2014	FY 2013
Revenue (USD M)					
Services	224.73	196.85	14.2%		
IP Led	49.33	40.97	20.4%		
Revenue (USD M)	274.06	237.82	15.2%		
Avg. Exchange Rate INR /USD	60.90	54.43	11.9%		
Revenue (INR M)	16,691.53	12,945.12	28.9%		
Cost of Revenue	Rs. M				
Employee Related Expenses	8,636.22	6,745.62	28.0%	51.7%	52.1%
Purchase	387.51	256.48	51.1%	2.3%	2.0%
Project related Travel Expenses	493.31	308.80	59.8%	3.0%	2.3%
Total Direct costs	9,517.04	7,310.90	30.2%	57.0%	56.4%
Gross Profit	7,174.49	5,634.22	27.3%	43.0%	43.6%
Sales & Marketing Exps	1,394.15	964.04	44.6%	8.4%	7.4%
Admin. & Other Exps	1,375.64	1,178.63	16.7%	8.2%	9.1%
Doubtful Debt Provision	72.42	121.22	-40.3%	0.4%	0.9%
CSR Activities	29.50	18.42	60.2%	0.2%	0.1%
Total SGA	2,871.71	2,282.31	25.8%	17.2%	17.5%
EBIDTA	4,302.78	3,351.91	28.4%	25.8%	26.1%
Depreciation	435.45	384.64	13.2%	2.7%	3.0%
Amortization	590.50	398.22	48.3%	3.5%	3.1%
EBIT	3,276.83	2,569.05	27.5%	19.6%	20.1%
Other Income / (Loss)	299.07	283.17	5.6%	1.8%	2.2%
Exchange Gain/(Loss)	(149.31)	(222.34)	32.8%	-0.9%	-1.7%
PBT	3,426.59	2,629.88	30.3%	20.5%	20.6%
Tax	933.82	753.70	23.9%	5.6%	5.8%
PAT	2,492.77	1,876.18	32.9%	14.9%	14.8%

Consolidated Balance Sheet



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INR M

	As at March 31, 2014	As at March 31, 2013
Equity and Liabilities		
Equity Share Capital	400.00	400.00
Reserves & Surplus	11,823.44	9,782.55
Non-Current Liabilities	425.69	653.46
Current Liabilities	2,784.71	1,835.27
Total sources of Funds	15,433.84	12,671.28
Assets		
Fixed Assets	4,384.69	4,676.85
Deferred Tax asset (Net)	260.12	190.21
Long term loans & advances	137.97	199.48
Current Assets	4,340.49	3,230.93
Cash & Investments	6,310.57	4,373.81
Total uses of Funds	15,433.84	12,671.28

Key Financials Ratios: Q4 FY14



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Ratios, %	Q4 FY14	Q3 FY14	Change QoQ	Q4 FY13	Change YoY
Gross Margin	42.8%	43.9%	-1.1%	42.7%	0.1%
S&M to Revenue	7.6%	8.1%	-0.5%	7.8%	-0.2%
G&A to Revenue	8.2%	8.0%	0.2%	9.9%	-1.7%
Total S G&A to Revenue	15.8%	16.1%	-0.3%	17.7%	-1.9%
EBIDTA Margin	27.0%	27.8%	-0.8%	25.0%	2.0%
EBIT Margin	21.1%	21.7%	-0.6%	18.7%	2.4%
Profit before Tax	20.7%	20.1%	0.6%	21.7%	-1.0%
Profit after Tax	15.1%	14.9%	0.2%	15.6%	-0.5%
EPS - Basic, Before Prior Period, INR	17.18	16.48		13.42	
EPS - Diluted, Before Prior Period, INR	16.80	16.05		12.97	

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Fact Sheet

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Revenue		Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	Q4 FY 13	FY 14	FY 13
	Revenue USD M	72.64	69.94	68.45	63.03	62.11	274.06	237.82
	%, q-o-q/ y-o-y growth	3.9%	2.2%	8.6%	1.5%	2.2%	15.2%	14.7%
	Revenue INR M	4,467.37	4,327.57	4,323.71	3,572.88	3,339.59	16,691.53	12,945.12
	%, q-o-q / y-o-y	3.2%	0.1%	21.0%	7.0%	0.3%	28.9%	29.4%

Business Offerings: Revenue Mix		Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	Q4 FY 13	FY 14	FY 13
	Services	80.4%	82.2%	80.9%	84.9%	82.5%	82.0%	82.8%
	IP Led	19.6%	17.8%	19.1%	15.1%	17.5%	18.0%	17.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segments : Revenue Mix	%	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	Q4 FY 13	FY 14	FY 13
	Telecom	15.3%	18.0%	17.6%	20.7%	22.8%	17.8%	25.3%
	Infrastructure and Systems	71.6%	68.9%	69.2%	69.1%	66.5%	69.7%	64.2%
	Life Sciences	13.1%	13.1%	13.2%	10.2%	10.7%	12.5%	10.5%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fact Sheet (Contd...)



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Geography: Revenue Mix	%	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	Q4 FY 13	FY 14	FY 13
	North Americas	85.4%	83.1%	84.6%	87.6%	85.1%	85.1%	84.8%
	Europe	6.1%	6.0%	4.4%	4.8%	5.7%	5.4%	6.5%
	ROW	8.5%	10.9%	11.0%	7.6%	9.2%	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	%	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	Q4 FY 13	FY 14	FY 13
	Onsite	21.4%	20.5%	20.6%	21.2%	18.8%	20.9%	18.2%
	Offshore	59.0%	61.7%	60.3%	63.7%	63.7%	61.1%	64.6%
	IP Led	19.6%	17.8%	19.1%	15.1%	17.5%	18.0%	17.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Repeat Business	%	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	Q4 FY 13	FY 14	FY 13
			85.2%	82.7%	82.2%	83.0%	78.2%	83.3%

Fact Sheet (Contd...)



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Clients billed ¹	Nos.	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	Q4 FY 13	FY 14	FY 13
	Services		261	253	243	253	279	365
IP Led		358	380	388	387	418	550	510

¹ includes one time clients with overlap across business offerings

Revenue Concentration	%	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	Q4 FY 13	FY 14	FY 13
	Top 1		21.1%	19.8%	22.5%	21.2%	21.6%	21.2%
Top 5		39.4%	36.9%	37.7%	36.4%	36.7%	37.1%	34.7%
Top 10		48.5%	46.9%	47.2%	47.3%	47.9%	47.0%	46.0%

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

Fact Sheet (Contd...)



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Yield ²	USD / PPM	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	Q4 FY 13	FY 14	FY 13
			3,927	3,934	3,919	3,602	3,769	3,847

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

Billing Rates ³	USD / PPM	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	Q4 FY 13	FY 14	FY 13
	Onsite - Linear		14,355	14,510	14,277	14,538	14,014	14,416
Offshore - Linear		4,241	4,179	4,146	4,147	4,176	4,178	4,057

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

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

Fact Sheet (Contd...)



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

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

Fact Sheet (Contd...)



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Efforts Mix - Linear	Nos.	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	Q4 FY 13	FY 14	FY 13
	Billable Person Months	16,155	15,517	15,258	15,161	14,212	62,091	55,541
	- Onsite	1,246	1,152	1,106	1,081	967	4,585	3,718
	- Offshore	14,909	14,365	14,152	14,080	13,245	57,506	51,823
	Billed Person Months	11,183	11,310	10,933	10,607	10,303	44,033	41,176
	- Onsite	1,083	989	989	919	832	3,980	3,294
	- Offshore	10,100	10,321	9,944	9,688	9,471	40,053	37,882
	Linear Utilization (Blended)	69.2%	72.9%	71.7%	70.0%	72.5%	70.9%	74.1%
	Onsite Utilization %	86.9%	85.9%	89.4%	84.9%	86.0%	86.8%	88.6%
	Offshore Utilization%	67.7%	71.8%	70.3%	68.8%	71.5%	69.7%	73.1%

IP Led	Nos.	Q4 FY 14	Q3 FY 14	Q2 FY 14	Q1 FY 14	Q4 FY 13	FY 14	FY 13
	IP Led Person Months	2,343	2,260	2,210	2,335	2,267	9,148	8,974

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Hinjawadi, Pune

Gargi-Maitreyi



MIDC, Parsodi, Nagpur