

# Persistent Systems Limited

## Analyst Conference Call

Q1 FY12

July 18, 2011



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# 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.

# HIGHLIGHTS



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# Financial Highlights\* : Q1 FY12



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## Quarter ended June 30, 2011

- Revenue : \$ 50.00 Million, representing a Y-o-Y increase of 26.6%, and Q-o-Q growth of 6.3%
- Revenue : ₹ 2,237.84 Million, representing a Y-o-Y growth of 23.6%, and a Q-o-Q growth of 5.2%
- EBIDTA was ₹ 401.06 Million, against ₹ 344.09 Million Y-o-Y and ₹ 380.87 Million Q-o-Q.
- Profit Before Tax (PBT) was ₹ 400.34 Million, against ₹ 371.11 Million Y-o-Y and ₹ 348.47 Million Q-o-Q.

\*Consolidated Figures

# Other Highlights : Q1 FY12



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Acquires French Software Business from Agilent Technologies.

Co-invests with Life Technologies to Develop Instruments in the Personalized Medicine space.

Expands Footprint in Japan; Enters into a Strategic Partnership with Realcom.

Announced Professional Services Partnership for Cisco Quad at Enterprise 2.0 Conference.

Gets recommendation for ISO 14001:2004 Certification Audit for Environmental Management Systems ( EMS ) for Pune facility.

Gets recognition as a Leading Player in the Cloud Computing and Software/ ISV R&D Segments by Zinnov Management Consulting.

Gets recognition in the 2011 Global Services 100 List; Also Ranks Amongst Top Product Engineering Companies.

# Updates from Annual General Meeting held on July 18, 2011



- Members passed all the resolutions pertaining to businesses listed in the Notice of the said Annual General Meeting, unanimously.
- Mr. Nitin Kulkarni, Chief Operating Officer was elevated as an Executive Director on the Board of Directors.
- Members approved final dividend of ₹1.50 per share.

**Dividend Payout \*: 18.36% of Consolidated Net Profit for FY11  
as against 10% for FY10**

Particulars	Dividend per share	Dividend Outflow (₹Mn)	Corporate Tax on Dividend (₹Mn)	Total Outflow (₹Mn)
1 <sup>st</sup> Interim Dividend	₹ 2.00	80.00	13.29	93.29
2 <sup>nd</sup> Interim Dividend	₹ 2.00	80.00	13.29	93.29
Final Dividend	₹ 1.50	60.00	9.96	69.96
<b>Total</b>	<b>₹ 5.50</b>	<b>220.00</b>	<b>36.54</b>	<b>256.54</b>

\* Dividend Payout = Consolidated Net Profit / Total Outflow on account of Dividend X 100

# FINANCIAL PERFORMANCE



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# Sequential Q-o-Q Q1 FY 12 Vs Q4 FY 11



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Particulars	₹ M			\$ M			Exps / Sales %	
	Quarter ended		Change	Quarter ended		Change	Quarter ended	
	Q1 FY 12	Q4 FY 11		Q1 FY 12	Q4 FY 11		Q1 FY 12	Q4 FY 11
<b>Income</b>								
Software Sales & Services	2,217.25	2,107.39	5.2%	49.54	46.56	6.4%		
Travel Billing	20.59	20.82	-1.1%	0.46	0.46	0.0%		
<b>Total Revenue</b>	<b>2,237.84</b>	<b>2,128.21</b>	<b>5.2%</b>	<b>50.00</b>	<b>47.02</b>	<b>6.3%</b>		
Avg. Exchange Rate ₹ /US\$	44.76	45.26	-1.1%					
<b>Expenditure</b>								
Employee Related Expenses	1,327.47	1,256.87	5.6%	29.66	27.77	6.8%	59.3%	59.1%
Purchase	9.09	8.30	9.5%	0.20	0.18	11.1%	0.4%	0.4%
Project related Travel Expenses	67.55	67.80	-0.4%	1.51	1.50	0.7%	3.0%	3.2%
<b>Total Direct costs</b>	<b>1,404.11</b>	<b>1,332.97</b>	<b>5.3%</b>	<b>31.37</b>	<b>29.45</b>	<b>6.5%</b>	<b>62.7%</b>	<b>62.6%</b>
<b>Gross Profit</b>	<b>833.73</b>	<b>795.24</b>	<b>4.8%</b>	<b>18.63</b>	<b>17.57</b>	<b>6.0%</b>	<b>37.3%</b>	<b>37.4%</b>
Sales & Marketing Expenses	177.24	164.60	7.7%	3.96	3.64	8.8%	7.9%	7.7%
Admin. & Other Expenses	238.41	225.77	5.6%	5.33	4.99	6.8%	10.7%	10.6%
Doubtful Debt Provision	17.02	24.00	-29.1%	0.38	0.53	-28.3%	0.8%	1.1%
<b>Total S, G&amp;A</b>	<b>432.67</b>	<b>414.37</b>	<b>4.4%</b>	<b>9.67</b>	<b>9.16</b>	<b>5.5%</b>	<b>19.3%</b>	<b>19.5%</b>
<b>EBIDTA</b>	<b>401.06</b>	<b>380.87</b>	<b>5.3%</b>	<b>8.96</b>	<b>8.41</b>	<b>6.6%</b>	<b>17.9%</b>	<b>17.9%</b>
Depreciation	126.45	119.33	5.9%	2.82	2.64	6.8%	5.6%	5.6%
<b>EBIT</b>	<b>274.61</b>	<b>261.54</b>	<b>5.0%</b>	<b>6.14</b>	<b>5.77</b>	<b>6.4%</b>	<b>12.3%</b>	<b>12.3%</b>
Other Income / (Loss)	125.73	86.93	44.6%	2.81	1.92	46.4%	5.6%	4.1%
<b>EBT</b>	<b>400.34</b>	<b>348.47</b>	<b>14.9%</b>	<b>8.95</b>	<b>7.69</b>	<b>16.4%</b>	<b>17.9%</b>	<b>16.4%</b>
Tax	124.66	17.12	628.2%	2.79	0.38	634.2%	5.6%	0.8%
<b>Net Profit After Tax</b>	<b>275.68</b>	<b>331.35</b>	<b>-16.8%</b>	<b>6.16</b>	<b>7.31</b>	<b>-15.7%</b>	<b>12.3%</b>	<b>15.6%</b>



# Y-o-Y Comparison Q1 FY 12 Vs Q1 FY 11



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Particulars	₹ M			\$ M			Exps / Sales %	
	Quarter ended		Change	Quarter ended		Change	Quarter ended	
	Q1 FY 12	Q1 FY 11		Q1 FY 12	Q1 FY 11		Q1 FY 12	Q1 FY 11
<b>Income</b>								
Software Sales & Services	2,217.25	1,776.50	24.8%	49.54	38.74	27.9%		
Travel Billing	20.59	34.39	-40.1%	0.46	0.75	-38.7%		
<b>Total Revenue</b>	<b>2,237.84</b>	<b>1,810.89</b>	<b>23.6%</b>	<b>50.00</b>	<b>39.49</b>	<b>26.6%</b>		
Avg. Exchange Rate ₹ /US\$	44.76	45.86	-2.4%	-				
<b>Expenditure</b>								
Employee Related Expenses	1,327.47	1,056.62	25.6%	29.66	23.04	28.7%	59.3%	58.3%
Purchase	9.09	6.21	46.4%	0.20	0.14	42.9%	0.4%	0.3%
Project related Travel Expenses	67.55	60.48	11.7%	1.51	1.32	14.4%	3.0%	3.3%
<b>Total Direct costs</b>	<b>1,404.11</b>	<b>1,123.31</b>	<b>25.0%</b>	<b>31.37</b>	<b>24.50</b>	<b>28.0%</b>	<b>62.7%</b>	<b>62.0%</b>
<b>Gross Profit</b>	<b>833.73</b>	<b>687.58</b>	<b>21.3%</b>	<b>18.63</b>	<b>14.99</b>	<b>24.3%</b>	<b>37.3%</b>	<b>38.0%</b>
Sales & Marketing Expenses	177.24	143.16	23.8%	3.96	3.12	26.9%	7.9%	7.9%
Admin. & Other Expenses	238.41	186.78	27.7%	5.33	4.07	31.0%	10.7%	10.3%
Doubtful Debt Provision	17.02	13.55	25.6%	0.38	0.30	26.7%	0.8%	0.7%
<b>Total S, G&amp;A</b>	<b>432.67</b>	<b>343.49</b>	<b>26.0%</b>	<b>9.67</b>	<b>7.49</b>	<b>29.1%</b>	<b>19.3%</b>	<b>19.0%</b>
<b>EBIDTA</b>	<b>401.06</b>	<b>344.09</b>	<b>16.5%</b>	<b>8.96</b>	<b>7.50</b>	<b>19.5%</b>	<b>17.9%</b>	<b>19.0%</b>
Depreciation	126.45	97.56	29.6%	2.82	2.13	32.4%	5.6%	5.4%
<b>EBIT</b>	<b>274.61</b>	<b>246.53</b>	<b>11.4%</b>	<b>6.14</b>	<b>5.37</b>	<b>14.4%</b>	<b>12.3%</b>	<b>13.6%</b>
Other Income / (Loss)	125.73	124.58	0.9%	2.81	2.72	3.3%	5.6%	6.9%
<b>EBT</b>	<b>400.34</b>	<b>371.11</b>	<b>7.9%</b>	<b>8.95</b>	<b>8.09</b>	<b>10.7%</b>	<b>17.9%</b>	<b>20.5%</b>
Tax	124.66	25.83	382.6%	2.79	0.56	398.2%	5.6%	1.4%
<b>Net Profit After Tax</b>	<b>275.68</b>	<b>345.28</b>	<b>-20.2%</b>	<b>6.16</b>	<b>7.53</b>	<b>-18.2%</b>	<b>12.3%</b>	<b>19.1%</b>

# Consolidated Balance Sheet



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₹ Mn

	As at June 30 , 2011	As at June 30, 2010
Sources of Funds		
Equity Share Capital	400.00	400.00
Reserves & Surplus	7,355.86	6,195.37
Non-Current Liabilities	195.25	173.16
Current Liabilities	1,450.06	1,046.12
<b>Total sources of Funds</b>	<b>9,401.17</b>	<b>7,814.65</b>
Application of Funds		
Fixed Assets	3,133.84	2,378.54
Non-Current Investments	-	-
Deferred Tax asset (Net)	73.24	6.85
Long term loans & advances	141.89	114.61
Current Assets	4,992.25	5,083.89
Cash and Cash Equivalents	1,059.95	230.76
<b>Total uses of Funds</b>	<b>9,401.17</b>	<b>7,814.65</b>

# Key Financials Ratios: Q1 FY12



Ratios, %	Q1 FY 12	Q4 FY 11	QoQ, %	Q1 FY 11	YoY%
Gross Margin	37.3%	37.4%	-0.1%	38.0%	-0.7%
S&M to Revenue	7.9%	7.7%	-0.2%	7.9%	0.0%
G&A to Revenue	11.4%	11.7%	0.3%	11.1%	-0.3%
Total S, G&A to Revenue	19.3%	19.5%	0.2%	19.0%	-0.3%
EBIDTA Margin	17.9%	17.9%	0.0%	19.0%	-1.1%
EBIT Margin	12.3%	12.3%	0.0%	13.6%	-1.3%
Profit before Tax	17.9%	16.4%	1.5%	20.5%	-2.6%
Profit after Tax	12.3%	15.6%	-3.3%	19.1%	-6.7%
EPS - Basic, Before Prior Period, INR	7.23	8.74		9.21	
EPS - Diluted, Before Prior Period, INR	6.89	8.28		8.63	

# FACT SHEET



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Revenue		Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	FY 11	FY 10
	Total Revenue, US \$ Mn	50.00	47.02	43.21	40.51	39.49	170.24	127.30
	%, q-o-q/ y-o-y growth	6.3%	8.8%	6.7%	2.6%	5.8%	33.7%	-0.5%
	Revenue from Operations, INR Mn	2,237.84	2,128.21	1,949.32	1,869.99	1,810.89	7,758.41	6,011.56
	%, q-o-q	5.2%	9.2%	4.2%	3.3%	5.4%	29.1%	1.2%

Segments	%	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	FY 11	FY 10
	Telecom	22.2%	20.5%	23.0%	20.0%	18.5%	20.6%	22.8%
	Infrastructure and Systems	67.9%	68.3%	65.4%	69.4%	71.7%	68.6%	66.0%
	Life Sciences	9.9%	11.2%	11.6%	10.6%	9.8%	10.8%	11.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



Geography	%	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	FY 11	FY 10
	North Americas	82.8%	86.3%	85.4%	85.5%	85.1%	85.6%	84.8%
	Europe	7.4%	5.8%	5.3%	6.0%	6.5%	5.9%	8.2%
	Asia-Pacific	9.8%	7.9%	9.3%	8.5%	8.4%	8.5%	7.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Onsite: Offshore Mix	%	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	FY 11	FY 10
	Onsite	22.6%	22.3%	22.2%	20.2%	19.3%	21.1%	12.7%
	Offshore	77.4%	77.7%	77.8%	79.8%	80.7%	78.9%	87.3%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



Revenue Mix	%	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	FY 11	FY 10
	T&E	79.8%	74.2%	78.6%	81.1%	81.3%	78.6%	77.3%
	FPP	14.1%	15.5%	13.9%	10.7%	9.8%	12.6%	15.5%
	IP driven	6.1%	10.3%	7.5%	8.2%	8.9%	8.8%	7.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Repeat Business	%	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	FY 11	FY 10
		97.0%	89.4%	92.7%	94.6%	98.8%	93.7%	91.3%

Clients Billed	No	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	FY 11	FY 10
		239	229	207	201	196	302	293

# Fact Sheet (Contd...)



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Client Engagement Size	Nos.	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	FY 11	FY 10
	Large > \$ 3Mn	9	9	9	9	9	9	6
	Medium > \$ 1Mn, < \$ 3Mn	32	26	29	21	22	22	16
	Small Upto \$ 1 Mn	198	194	169	171	165	271	271
	Total	239	229	207	201	196	302	293

DSO	Days	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	FY 11	FY 10
			63	62	67	60	61	62

Billing Rates <sup>1</sup>	USD/p.p.m	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	FY 11	FY 10
	Onsite	13,033	12,746	12,896	12,470	12,414	12,644	12,387
	Offshore	3,770	3,723	3,661	3,601	3,600	3,648	3,572

<sup>1</sup>These represent rates without IP revenues, and have been restated for past periods



# Fact Sheet (Contd...)



Yield	USD/p.p.m	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	FY 11	FY 10
			3,147	3,238	3,219	3,108	3,263	3,207

Revenue Concentration <sup>2</sup>	%	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	FY 11	FY 10
	Top 1		15.1%	19.4%	14.4%	16.3%	13.6%	15.4%
Top 5		37.6%	41.5%	36.8%	37.9%	38.2%	38.4%	33.3%
Top 10		48.2%	52.8%	48.0%	49.5%	49.2%	49.7%	43.8%

<sup>2</sup>Includes revenue from existing customer acquired by top customer in Q4FY11

People Numbers		Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	FY 11	FY 10
	Technical		6,178	5,950	5,070	4,907	4,554	5,950
Sales & Business Development		119	108	94	87	79	108	71
Rest		323	302	296	287	278	302	270
Grand Total		6,620	6,360	5,460	5,281	4,911	6,360	4,662

# Fact Sheet (Contd...)



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Investment in IP Led work	%	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	FY 11	FY 10
	Technical time spent		4.7%	3.6%	4.1%	4.4%	4.3%	4.1%

Utilization <sup>3</sup>	%	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	FY 11	FY 10
			72.7%	71.0%	74.2%	71.7%	78.5%	73.7%

<sup>3</sup>Excludes resources in investment in IP Led work and has been restated for past periods

Attrition Rate	%	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	FY 11	FY 10
			18.4%	19.6%	21.5%	18.6%	16.3%	19.6%

THANK YOU



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# Depth in focused areas and continuous investment in new technology areas

Existing focus areas


**Telecom and Wireless**



**Infrastructure and Systems**



**Life Sciences & Healthcare**



New technology focus areas


**Enterprise Mobility**



**Cloud Computing**



**Analytics**



**Enterprise Collaboration**



# Persistent owned facilities

**Bhageerath**



Senapati Bapat Road, Pune (operational)

**Aryabhata–Pingala**



Karve Road, Pune (operational)

**Panini**



Senapati Bapat Road, Pune (operational)

**Goa**



Verna, Goa (operational)

**Hinjawadi, Pune**



Under construction (artist impression)

**Nagpur**



Under construction (artist impression)