



PERSISTENT
Partners in Innovation

Persistent Systems Limited

Quarter ending June 30, 2013

July 29, 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.

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Key Highlights

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- Revenue in Rupee terms was Rs. 3,572.88 Million representing Y-o-Y growth of 18.8%, and Q-o-Q growth of 7.0%.
- Revenue in US\$ terms was US\$ 63.03 Million, representing a Y-o-Y increase of 14.8%, and Q-o-Q growth of 1.5%
- Profit Before Tax (PBT) was Rs. 803.12 Million, representing a Y-o-Y growth of 39.6% and Q-o-Q growth of 11.3%.
- Profit After Tax (PAT) was Rs. 570.95 Million, representing a Y-o-Y growth of 37.3% and Q-o-Q growth of 10.0%.

Key Highlights

- Named 2013 Finalist of [IDG's Computerworld Honors Program](#) in the Emerging Technology category for big data innovation.
- Launched [Radia Client Automation](#) at [HP® Discover 2013](#)
- Announced ShareInsights, the company's big data analytics platform at the [Hadoop Summit North America 2013](#)
- Announced end-to-end public, private, and hybrid enterprise cloud lifecycle services and solutions on OpenStack
- Expanded presence in Africa, announces Partnership with SysCare Technology in Morocco.
- Announced a national strategic collaborative initiative to promote '[Inclusive Innovations 2013.](#)'



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Financial Performance

Sequential Q1 FY14 Vs. Q4 FY13



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Particulars	Q1FY14	Q4FY13	Change QoQ	Exps/Sales%	
				Q1FY14	Q4FY13
<u>Revenue(\$M)</u>					
Product Engineering & Platform	53.54	51.21	4.5%		
IP Led	9.49	10.90	-12.9%		
Revenue(\$M)	63.03	62.11	1.5%		
Avg. Exchange Rate Rs./US\$	56.69	53.77	5.4%		
Revenue(Rs. M)	3,572.88	3,339.59	7.0%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	1,881.82	1,774.86	6.0%	52.7%	53.1%
Purchase/Royalty	82.20	62.44	31.6%	2.3%	1.9%
Project related Travel Expenses	140.72	78.96	78.2%	3.9%	2.4%
Total Direct costs	2,104.74	1,916.26	9.8%	58.9%	57.4%
Gross Profit	1,468.14	1,423.33	3.1%	41.1%	42.6%
Sales & Marketing Exps	319.19	260.98	22.3%	8.9%	7.8%
Admin. & Other Exps	339.77	343.83	-1.2%	9.5%	10.3%
Doubtful Debt Provision	29.37	(12.96)	326.6%	0.8%	-0.4%
CSR Activities	2.88	0.81	255.6%	0.1%	0.0%
Total SGA	691.21	592.66	16.6%	19.3%	17.7%
EBIDTA	776.93	830.67	-6.5%	21.8%	24.9%
Depreciation	104.96	106.65	-1.6%	2.9%	3.2%
Amortization	131.85	104.83	25.8%	3.7%	3.1%
EBIT	540.12	619.19	-12.8%	15.2%	18.6%
Other Income/(Loss)	79.56	60.85	30.7%	2.2%	1.8%
Exchange Gain/(Loss)	183.44	41.54	341.6%	5.1%	1.2%
PBT	803.12	721.58	11.3%	22.5%	21.6%
Tax	232.17	202.73	14.5%	6.5%	6.1%
PAT	570.95	518.85	10.0%	16.0%	15.5%

Y-o-Y Q1 FY14 Vs. Q1 FY13



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Particulars	Change			Exps / Sales %	
	Q1 FY14	Q1 FY13	YoY	Q1 FY14	Q1 FY13
Revenue (\$ M)					
Product Engineering & Platform	53.54	47.26	13.3%		
IP Led	9.49	7.65	24.1%		
Revenue (\$ M)	63.03	54.91	14.8%		
Avg. Exchange Rate ` /US\$	56.69	54.76	3.5%		
Revenue (Rs. M)	3,572.88	3,007.04	18.8%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	1,881.82	1,539.60	22.2%	52.7%	51.2%
Purchase	82.20	57.91	41.9%	2.3%	1.9%
Project related Travel Expenses	140.72	87.89	60.1%	3.9%	2.9%
Total Direct costs	2,104.74	1,685.40	24.9%	58.9%	56.0%
Gross Profit	1,468.14	1,321.64	11.1%	41.1%	44.0%
Sales & Marketing Exps	319.19	217.53	46.7%	8.9%	7.2%
Admin. & Other Exps	339.77	254.24	33.6%	9.5%	8.5%
Doubtful Debt Provision	29.37	40.20	-26.9%	0.8%	1.3%
CSR Activities	2.88	2.95	-2.4%	0.1%	0.1%
Total SGA	691.21	514.92	34.2%	19.3%	17.1%
EBIDTA	776.93	806.72	-3.7%	21.8%	26.9%
Depreciation	104.96	88.03	19.2%	2.9%	2.9%
Amortization	131.85	96.49	36.6%	3.7%	3.2%
EBIT	540.12	622.20	-13.2%	15.2%	20.8%
Other Income / (Loss)	79.56	74.57	6.7%	2.2%	2.5%
Exchange Gain/(Loss)	183.44	(121.31)	251.2%	5.1%	-4.0%
PBT	803.12	575.46	39.6%	22.5%	19.3%
Tax	232.17	159.68	45.4%	6.5%	5.3%
PAT	570.95	415.78	37.3%	16.0%	14.0%

Consolidated Balance Sheet



₹ Mn

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	As at June 30, 2013	As at June 30, 2012	As at March 31, 2013
Equity and Liabilities			
Equity Share Capital	400.00	400.00	400.00
Reserves & Surplus	10,058.61	8,300.60	9,782.55
Non-Current Liabilities	702.26	86.62	653.46
Current Liabilities	2,264.43	2,174.89	1,893.67
Total sources of Funds	13,425.30	10,962.11	12,729.68
Assets			
Fixed Assets	4,744.92	3,694.08	4,676.85
Deferred Tax asset (Net)	223.33	155.33	190.21
Long term loans & advances	180.07	148.12	199.48
Current Assets	3,705.58	3,346.54	3,289.33
Cash & Investments	4,571.40	3,618.04	4,373.81
Total uses of Funds	13,425.30	10,962.11	12,729.68

Key Financials Ratios: Q1 FY14



Ratios, %	Q1 FY14	Q4 FY13	Change QoQ	Q1 FY13	Change YoY
Gross Margin	41.1%	42.6%	-1.5%	44.0%	-2.9%
S&M to Revenue	8.9%	7.8%	1.1%	7.2%	1.7%
G&A to Revenue	10.4%	9.9%	0.5%	9.9%	0.5%
Total S, G&A to Revenue	19.3%	17.7%	1.6%	17.1%	2.2%
EBIDTA Margin	21.8%	24.9%	-3.1%	26.9%	-5.1%
EBIT Margin	15.2%	18.6%	-3.4%	20.8%	-5.6%
Profit before Tax	22.5%	21.6%	0.9%	19.3%	3.2%
Profit after Tax	16.0%	15.5%	0.5%	14.0%	2.0%
EPS - Basic, Before Prior Period, INR	14.47	13.42		10.80	
EPS - Diluted, Before Prior Period, INR	14.27	12.97		10.39	

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Fact Sheet

Fact Sheet



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Revenue		Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	FY13	FY12
	Total Revenue, US \$ Mn	63.03	62.11	60.75	60.05	54.91	237.82	207.39
	%, q-o-q/ y-o-y growth	1.5%	2.2%	1.2%	9.4%	1.3%	14.7%	21.8%
	Revenue from Operations, INR Mn	3,572.88	3,339.59	3,329.85	3,268.64	3,007.04	12,945.12	10,003.11
	%, q-o-q/ y-o-y growth	7.0%	0.3%	1.9%	8.7%	11.1%	29.4%	28.9%

Business Offerings: Revenue Mix	Revenue	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	FY13	FY12
	Product Engineering & Platforms	84.9%	82.5%	81.8%	81.1%	86.1%	82.8%	91.2%
	IP Led	15.1%	17.5%	18.2%	18.9%	13.9%	17.2%	8.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segments : Revenue Mix		Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	FY13	FY12
	Telecom	20.7%	22.8%	26.1%	28.0%	24.2%	25.3%	21.4%
	Infrastructure and Systems	69.1%	66.5%	63.4%	62.4%	64.3%	64.2%	67.5%
	Life Sciences	10.2%	10.7%	10.5%	9.6%	11.5%	10.5%	11.1%
	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		Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	FY13	FY12
	North America	87.6%	85.1%	85.1%	84.6%	84.4%	84.8%	82.5%
	Europe	4.8%	5.7%	6.1%	7.4%	6.9%	6.5%	7.3%
	Asia-Pacific	7.6%	9.2%	8.8%	8.0%	8.7%	8.7%	10.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Onsite: Offshore: IP Led Revenue Mix	%	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	FY13	FY12
	Onsite	21.2%	18.8%	17.0%	17.6%	19.3%	18.2%	20.7%
	Offshore	63.7%	63.7%	64.8%	63.5%	66.7%	64.6%	70.5%
	IP Led	15.1%	17.5%	18.2%	18.9%	13.9%	17.2%	8.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Repeat Business	%	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	FY13	FY12
		83.0%	78.2%	81.4%	81.7%	90.3%	82.7%	90.4%

Fact Sheet (Contd...)



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Clients billed ¹	No	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	FY13
	Prod. Eng. & Platforms	253	279	264	254	254	406
	IP Led	387	418	394	80	76	510

¹ includes one time clients with overlap across business offerings

Revenue Concentration	%	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	FY13	FY12
	Top 1	21.2%	21.6%	21.1%	20.7%	17.8%	20.4%	16.1%
	Top 5	36.4%	36.7%	37.3%	36.3%	33.5%	34.7%	37.4%
	Top 10	47.3%	47.9%	49.4%	47.0%	45.3%	46.0%	48.6%

Client Engagement Size	Nos.	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	FY13	FY12
	Large > \$ 3Mn	15	15	14	15	13	15	11
	Medium > \$ 1Mn, < \$ 3Mn	30	29	29	32	35	29	26

Fact Sheet (Contd...)



Yield ²	USD/p.p.m	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	FY13	FY12
			3,602	3,769	3,838	3,775	3,369	3,686

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

Billing Rates ³	USD/p.p.m	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	FY13	FY12
	Onsite		14,567	14,014	12,772	12,863	12,789	13,113
Offshore		4,111	4,143	4,032	3,978	3,898	4,014	3,803

³ Billing rates exclude IP Led Revenue

Person Months ⁴	Nos.	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	FY13	FY12
	Billable		17,496	16,479	15,827	15,909	16,300	64,515
Billed		10,607	10,303	10,487	10,274	10,112	41,176	41,219
IP Led		2,335	2,267	2,257	2,254	2,196	8,974	6,135

⁴ Billable person months comprises Product Engineering, Platform Solutions and IP Led person months. For clarity, IP Led person months have also been shown separately.

Fact Sheet (Contd...)



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People Numbers		Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	FY13	FY12
	Technical	6,689	6,540	6,287	5,956	6,132	6,540	6,223
	Sales & Business Development	119	99	101	99	94	99	95
	Rest	336	331	331	315	310	331	310
	Grand Total	7,144	6,970	6,719	6,370	6,536	6,970	6,628

Attrition Rate	%	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	FY13	FY12
		14.2%	14.4%	16.0%	16.9%	18.9%	14.4%	18.3%

DSO	Days	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	Q1 FY 13	FY13	FY12
		65	65	67	64	68	65	65

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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