



PERSISTENT
Partners in Innovation

Persistent Systems Limited

Quarter ending December 31, 2012

January 27, 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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Highlights

Key Highlights



- Revenue for nine months ended December 31, 2012 was US\$ 175.71 Million, representing a Y-o-Y growth of 14.7%
- Profit after Tax (PAT) for nine months ended December 31, 2012 was ₹ 1,357.33 Million, representing a Y-o-Y growth of 35%
- IP-led business constitutes 17.1% of the revenue for nine months ended December 31, 2012
- Utilization improved Q-o-Q by 1.8% to 79.5%
- Acquired [Novaquest](#), a Product Lifecycle Management (PLM) and Search Based technology solutions company thereby entering into a strategic partnership with Dassault Systèmes to sell and offer support, maintenance and deployment services as an authorized VAR for Dassault Systèmes' in the United States
- Declared an interim dividend of 6 per share (Payout ratio 20.55%) for the Financial Year 2012-13, as against a total dividend of 6 per share (Payout ratio 19.67%) for the Financial Year 2011-12

Other Highlights

- Appointed [Dr. Sridhar Jagannathan](#) Chief Innovation Officer responsible for driving innovation in products, solutions and services
- Delivered an innovative acceleration process enabling [Voltage Security®](#), to provide solution upgrades and security alerts to their customers in record time
- Unveiled “The Modern Enterprise App Development Lifecycle” a new enterprise application at the [E2 Innovate 2012](#) Conference
- Expanded presence in Australia by establishing an office in Sydney

Awards and Recognitions

- 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
- Won the Institute of Chartered Accountants of India (ICAI), silver shield Award for Excellence in Financial Reporting
- Ranked 3rd in India and 8th Globally on the Corporate Governance Practices for 2012 by IR Global Rankings (IRGR)
- Won the Asset – Gold Award for Corporate Governance, Social Responsibility and Investor Relations 2012
- Won the Legal Counsel India Awards 2013 for Best Use of Technology and Innovation



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Financial Performance

Sequential Q3 FY13 Vs. Q2 FY13



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Particulars	Q3FY13	Q2FY13	Exps / Sales %		Change
			Q3FY13	Q2FY13	QoQ
Revenue (\$ Mn)	60.75	60.05			1.2%
Avg. Exchange Rate ₹ /US\$	54.81	54.43			0.7%
Revenue (₹ Mn)	3,329.85	3,268.64			1.9%
Cost of Revenue	₹ Mn	₹ Mn			
Employee Related Expenses	1,774.91	1,656.25	53.3%	50.7%	7.2%
Purchase	39.55	96.58	1.2%	3.0%	-59.0%
Project related Travel Expenses	67.15	74.80	2.0%	2.2%	-10.2%
Total Direct costs	1,881.61	1,827.63	56.5%	55.9%	3.0%
Gross Profit	1,448.24	1,441.01	43.5%	44.1%	0.5%
Sales & Marketing Expenses	252.02	233.51	7.6%	7.1%	7.9%
Admin. & Other Expenses	319.43	261.15	9.6%	8.0%	22.3%
Doubtful Debt Provision	52.61	41.60	1.6%	1.3%	26.5%
CSR Activities	0.11	14.55	0.0%	0.4%	-99.2%
Total SGA	624.17	550.81	18.8%	16.8%	13.3%
EBIDTA	824.07	890.20	24.7%	27.3%	-7.4%
Depreciation	197.80	189.06	5.9%	5.8%	4.6%
EBIT	626.27	701.14	18.8%	21.5%	-10.7%
Other Income / (Loss)	65.74	82.25	2.0%	2.5%	-20.1%
Exchange Gain/(Loss)	18.03	(160.60)	0.5%	-4.9%	111.2%
PBT	710.04	622.79	21.3%	19.1%	14.0%
Tax	214.96	176.32	6.5%	5.4%	21.9%
PAT	495.08	446.47	14.8%	13.7%	10.9%

Y-o-Y Q3 FY13 Vs. Q3 FY12



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Particulars	Q3FY13	Q3FY12	Exps / Sales %		Change YoY
			Q3FY13	Q3FY12	
Revenue (\$ Mn)	60.75	51.66			17.6%
Avg. Exchange Rate ₹ /US\$	54.81	51.83			5.8%
Revenue (₹ Mn)	3,329.85	2,677.30			24.4%
Cost of Revenue	₹ Mn	₹ Mn			
Employee Related Expenses	1,774.91	1,452.05	53.3%	54.2%	22.2%
Purchase	39.55	12.75	1.2%	0.5%	210.2%
Project related Travel Expenses	67.15	63.13	2.0%	2.4%	6.4%
Total Direct costs	1,881.61	1,527.93	56.5%	57.1%	23.1%
Gross Profit	1,448.24	1,149.37	43.5%	42.9%	26.0%
Sales & Marketing Expenses	252.02	168.37	7.6%	6.3%	49.7%
Admin. & Other Expenses	319.43	242.44	9.6%	9.1%	31.8%
Doubtful Debt Provision	52.61	39.97	1.6%	1.5%	31.6%
CSR Activities	0.11	2.44	0.0%	0.1%	-95.5%
Total SGA	624.17	453.22	18.8%	17.0%	37.7%
EBIDTA	824.07	696.15	24.7%	25.9%	18.4%
Depreciation	197.80	159.01	5.9%	5.9%	24.4%
EBIT	626.27	537.14	18.8%	20.0%	16.6%
Other Income / (Loss)	65.74	68.50	2.0%	2.6%	-4.0%
Exchange Gain/(Loss)	18.03	(40.96)	0.5%	-1.5%	144.0%
PBT	710.04	564.68	21.3%	21.1%	25.7%
Tax	214.96	158.84	6.5%	5.9%	35.3%
PAT	495.08	405.84	14.8%	15.2%	22.0%

Nine Months Financials



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Particulars	Nine months ended		Exps / Sales %		Change
	Dec-12	Dec-11	Dec-12	Dec-11	YoY
Revenue (\$ Mn)	175.71	153.19			14.7%
Avg. Exchange Rate ₹ /US\$	54.67	47.63			14.8%
Revenue (₹ Mn)	9,605.53	7,296.87			31.6%
Cost of Revenue	₹ Mn	₹ Mn			
Employee Related Expenses	4,970.76	4,209.98	51.7%	57.7%	18.1%
Purchase	194.04	28.88	2.0%	0.4%	571.9%
Project related Travel Expenses	229.84	188.19	2.3%	2.7%	22.1%
Total Direct costs	5,394.64	4,427.05	56.0%	60.7%	21.9%
Gross Profit	4,210.89	2,869.82	44.0%	39.3%	46.7%
Sales & Marketing Expenses	703.06	512.69	7.3%	7.0%	37.1%
Admin. & Other Expenses	834.81	716.30	8.7%	9.6%	16.5%
Doubtful Debt Provision	134.41	74.64	1.4%	1.0%	80.1%
CSR Activities	17.61	15.48	0.2%	0.2%	13.8%
Total SGA	1,689.89	1,319.11	17.6%	17.9%	28.1%
EBIDTA	2,521.00	1,550.71	26.4%	21.5%	62.6%
Depreciation	571.38	424.97	5.9%	5.8%	34.5%
EBIT	1,949.62	1,125.74	20.5%	15.6%	73.2%
Other Income / (Loss)	222.56	204.08	2.3%	2.8%	9.1%
Exchange Gain/(Loss)	(263.88)	86.36	-2.7%	1.2%	-405.6%
PBT	1,908.30	1,416.18	20.1%	19.6%	34.7%
Tax	550.97	410.55	5.7%	5.6%	34.2%
PAT	1,357.33	1,005.63	14.4%	14.0%	35.0%

Consolidated Balance Sheet



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₹ Mn

	As at December 31, 2012	As at December 31, 2011	As at March 31, 2012
Equity and Liabilities			
Equity Share Capital	400.00	400.00	400.00
Reserves & Surplus	9,320.66	7,395.51	8,005.12
Non-Current Liabilities	110.93	60.43	77.41
Current Liabilities	2,290.07	2,372.36	1,660.41
Total sources of Funds	12,121.66	10,228.30	10,142.94
Assets			
Fixed Assets	3,858.53	3,306.60	3,724.80
Deferred Tax asset (Net)	193.18	78.40	106.57
Long term loans & advances	160.72	178.67	230.94
Current Assets	3,418.11	3,358.56	2,665.82
Cash & Investments	4,491.12	3,306.07	3,414.81
Total uses of Funds	12,121.66	10,228.30	10,142.94

Key Financials Ratios: Q3 FY13



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Ratios, %	Q3 FY13	Q2 FY13	QoQ, %	Q3 FY12	YoY%
Gross Margin	43.5%	44.1%	-0.6%	42.9%	0.6%
S&M to Revenue	7.6%	7.1%	-0.5%	6.3%	-1.3%
G&A to Revenue	11.2%	9.7%	-1.5%	10.7%	-0.5%
Total S, G&A to Revenue	18.8%	16.8%	-2.0%	17.0%	-1.8%
EBIDTA Margin	24.7%	27.3%	-2.6%	25.9%	-1.2%
EBIT Margin	18.8%	21.5%	-2.7%	20.0%	-1.2%
Profit before Tax	21.3%	19.1%	2.2%	21.1%	0.2%
Profit after Tax	14.8%	13.7%	1.1%	15.2%	-0.4%
EPS - Basic, Before Prior Period, INR	12.82	11.58		10.58	
EPS - Diluted, Before Prior Period, INR	12.38	11.16		10.15	



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Fact Sheet

Fact Sheet



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Revenue		Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
	Total Revenue, US \$ Mn	60.75	60.05	54.91	54.20	51.66	207.39	170.24
	%, q-o-q/ y-o-y growth	1.2%	9.4%	1.3%	4.9%	0.3%	21.8%	33.7%
	Revenue from Operations, INR Mn	3,329.85	3,268.64	3,007.04	2,706.24	2,677.30	10,003.11	7,758.41
	%, q-o-q	1.9%	8.7%	11.1%	1.1%	12.4%	28.9%	29.1%

Segments	%	Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
	Telecom	26.1%	28.0%	24.2%	21.0%	20.4%	21.4%	20.6%
	Infrastructure and Systems	63.4%	62.4%	64.3%	67.6%	67.1%	67.5%	68.6%
	Life Sciences	10.5%	9.6%	11.5%	11.4%	12.5%	11.1%	10.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fact Sheet (Contd...)



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Geography	%	Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
	North America	85.1%	84.6%	84.4%	82.4%	82.9%	82.5%	85.6%
	Europe	6.1%	7.4%	6.9%	6.8%	7.2%	7.3%	5.9%
	Asia-Pacific	8.8%	8.0%	8.7%	10.8%	9.9%	10.2%	8.5%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Onsite: Offshore Mix ¹	%	Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
	Onsite	17.0%	17.6%	19.3%	19.9%	20.6%	20.7%	20.7%
	Offshore	64.8%	63.5%	66.7%	68.0%	70.2%	70.5%	70.5%
	IP Led	18.2%	18.9%	13.9%	12.1%	9.2%	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...)



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Revenue Mix	%	Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
	T&E	73.3%	73.2%	78.6%	79.8%	79.0%	79.7%	78.6%
	FPP	8.5%	7.9%	7.5%	8.1%	11.8%	11.5%	12.6%
	IP driven	18.2%	18.9%	13.9%	12.1%	9.2%	8.8%	8.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Repeat Business	%	Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
		81.4%	81.7%	90.3%	83.9%	88.2%	90.4%	93.7%

Clients billed	Nos.	Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
		309	293	291	288	273	351	302

Fact Sheet (Contd...)



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Client Engagement Size	Nos.	Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
	Large > \$ 3Mn	14	15	13	11	10	11	9
	Medium > \$ 1Mn, < \$ 3Mn	29	32	35	26	27	26	22
	Small Upto \$ 1 Mn	266	246	243	251	236	314	271
	Total	309	293	291	288	273	351	302

DSO	Days	Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
		67	64	68	65	68	65	62

Billing Rates	USD/p.p.m	Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
	Onsite - Linear	12,772	12,863	12,789	12,603	12,387	12,669	12,644
	Offshore - Linear	4,032	3,978	3,898	3,895	3,778	3,803	3,648

Fact Sheet (Contd...)



Yield ²	USD/p.p.m	Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
			3,817	3,746	3,345	3,350	3,247	3,238

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

Revenue Concentration	%	Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
	Top 1		21.1%	20.7%	17.8%	17.2%	15.9%	16.1%
Top 5		37.3%	36.3%	33.5%	36.6%	37.0%	37.4%	38.4%
Top 10		49.4%	47.0%	45.3%	48.8%	48.3%	48.6%	49.7%

People Numbers		Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
	Technical		6,287	5,956	6,132	6,223	6,288	6,223
Sales & Business Development		101	99	94	95	103	95	108
Rest		331	315	310	310	315	310	302
Grand Total		6,719	6,370	6,536	6,628	6,706	6,628	6,360

Fact Sheet (Contd...)



Investment in IP Led work	%	Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
	Technical time spent		4.8%	4.7%	5.4%	4.6%	6.0%	5.2%

Utilization ³	%	Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
			79.5%	77.7%	74.1%	71.7%	74.1%	73.1%

³Excludes Investment person-months in IP Led work

Attrition Rate	%	Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
			16.0%	16.9%	18.9%	18.3%	17.4%	18.3%

Person Months ⁴	Nos.	Q3 FY13	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	FY12	FY11
	Billable	15,075	15,164	15,414	15,343	14,887	60,265	50,241
	Billed	11,992	11,783	11,422	10,998	11,031	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