



PERSISTENT
Partners in Innovation

Persistent Systems Limited

Quarter ending December 31, 2013

January 25, 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.



PERSISTENT

Key Highlights

Key Highlights – Q3 FY 14 Performance



- Revenue was USD 69.94 Million, representing a Y-o-Y growth of 15.1% and Q-o-Q growth of 2.2%
 - Services revenue grew 3.8% Q-o-Q while IP Led revenue declined 4.9% Q-o-Q.
- Revenue was INR 4,327.57 Million, representing a Y-o-Y growth of 30.0% and Q-o-Q growth of 0.1%.
- EBIDTA was INR 1,197.25 Million, representing a Y-o-Y growth of 45.3% and Q-o-Q growth of 6.7%
- Profit before Tax (PBT) was INR 865.27 Million, representing a Y-o-Y growth of 21.9% and Q-o-Q growth of 3.6%.
- Profit after Tax (PAT) was INR 641.98 Million, representing a Y-o-Y growth of 29.7% and Q-o-Q growth of 5.6%.
- Declared an interim dividend of INR 8 per share (payout ratio 20.6%) as against INR 6 per share in the corresponding period last fiscal.

Key Highlights – Nine Months Ended December 31, 2013



- Revenue was USD 201.42 Million as against USD 175.71 Million for the nine months ended December 31, 2012, representing a growth of 14.6%.
- Revenue was INR 12,224.16 Million as against INR 9,605.53 Million for the nine months ended December 31, 2012, representing a growth of 27.3%.
- EBIDTA was INR 3,096.25 Million as against INR 2,521.00 Million for the nine months ended December 31, 2012, representing a growth of 22.8%
- Profit before Tax (PBT) was INR 2,503.32 Million as against INR 1,908.30 Million for the nine months ended December 31, 2012, representing a growth of 31.2%.
- Profit after Tax (PAT) was INR 1,820.78 Million as against INR 1,357.33 Million for the nine months ended December 31, 2012, representing a growth of 34.1%.

Key Highlights



- Appointed Ranga Puranik as the President of Persistent Systems, Inc., and Head of the company's global sales and marketing.
- Successfully co-organized India's largest innovation expo in Pune, '**Inclusive Innovations Expo-2013**'
- Persistent Venture Fund invested in two US companies, Ustyme, a free, video-call app for iPad that creates shared experiences through quality content, like books and games and DxNow, a life sciences company that leverages advanced microfluidic and imaging technologies for point-of-care diagnostic solutions. The Persistent Venture Fund is an early-stage investment fund focused on supporting innovation in Social, Mobile, Analytics and Cloud computing (SMAC) technologies.
- Ittavi, a family financial management company selected Persistent Systems to develop SupportPay, a revolutionary new cloud-based child support payment platform built on the Salesforce platform.

Awards and Recognitions

- “2013 Global Services 100 Award”, recognized as a Global Service Business Leader for third consecutive year
- “2013 Cloud Computing Excellence Award” by TMC, a global integrated media company
- Received “Inc. India Innovative 100 Technology Award” from Inc. India Magazine
- Received “CIO100 Networking Pioneer Award” for 2013 from IDG Media

www.persistent.com



PERSISTENT

Financial Performance

Sequential Q3 FY14 Vs. Q2 FY14



PERSISTENT

Particulars	Q3 FY14	Q2 FY14	Change	Exps / Sales %	
			QoQ	Q3FY14	Q2FY14
<u>Revenue (USD M)</u>					
Services	57.48	55.35	3.8%		
IP Led	12.46	13.10	-4.9%		
Revenue (USD M)	69.94	68.45	2.2%		
Avg. Exchange Rate INR/USD	61.88	63.17	-2.0%		
Revenue (INR M)	4,327.57	4,323.71	0.1%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	2,229.91	2,198.67	1.4%	51.5%	50.9%
Purchase / Royalty	91.07	114.14	-20.2%	2.1%	2.6%
Project related Travel Expenses	111.82	112.93	-1.0%	2.5%	2.6%
Total Direct costs	2,432.80	2,425.74	0.3%	56.1%	56.1%
Gross Profit	1,894.77	1,897.97	-0.2%	43.9%	43.9%
Sales & Marketing Exps	351.84	381.59	-7.8%	8.1%	8.8%
Admin. & Other Exps	338.33	341.64	-1.0%	7.8%	7.9%
Doubtful Debt Provision	4.21	33.62	-87.5%	0.1%	0.8%
CSR Activities	3.14	19.05	-83.5%	0.1%	0.4%
Total SGA	697.52	775.90	-10.1%	16.1%	17.9%
EBIDTA	1,197.25	1,122.07	6.7%	27.8%	26.0%
Depreciation	112.51	110.86	1.5%	2.6%	2.6%
Amortization	149.51	152.00	-1.6%	3.5%	3.5%
EBIT	935.23	859.21	8.8%	21.7%	19.9%
Other Income / (Loss)	76.65	75.29	1.8%	1.8%	1.7%
Exchange Gain/(Loss)	(146.61)	(99.57)	-47.2%	-3.4%	-2.3%
PBT	865.27	834.93	3.6%	20.1%	19.3%
Tax	223.29	227.08	-1.7%	5.2%	5.3%
PAT	641.98	607.85	5.6%	14.9%	14.0%

Y-o-Y Q3 FY14 Vs. Q3 FY13



PERSISTENT

Particulars	Q3 FY14	Q3 FY13	Change	Exps / Sales %	
			YoY	Q3FY14	Q3FY13
<u>Revenue (USD M)</u>					
Services	57.48	49.72	15.6%		
IP Led	12.46	11.03	13.0%		
Revenue (USD M)	69.94	60.75	15.1%		
Avg. Exchange Rate INR/USD	61.88	54.81	12.9%		
Revenue (INR M)	4,327.57	3,329.85	30.0%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	2,229.91	1,774.91	25.6%	51.5%	53.3%
Purchase	91.07	39.55	130.3%	2.1%	1.2%
Project related Travel Expenses	111.82	67.15	66.5%	2.5%	2.0%
Total Direct costs	2,432.80	1,881.61	29.3%	56.1%	56.5%
Gross Profit	1,894.77	1,448.24	30.8%	43.9%	43.5%
Sales & Marketing Exps	351.84	252.02	39.6%	8.1%	7.6%
Admin. & Other Exps	338.33	319.43	5.9%	7.8%	9.6%
Doubtful Debt Provision	4.21	52.61	-92.0%	0.1%	1.6%
CSR Activities	3.14	0.11	2754.5%	0.1%	0.0%
Total SGA	697.52	624.17	11.8%	16.1%	18.8%
EBIDTA	1,197.25	824.07	45.3%	27.8%	24.7%
Depreciation	112.51	101.54	10.8%	2.6%	3.0%
Amortization	149.51	96.26	55.3%	3.5%	2.9%
EBIT	935.23	626.27	49.3%	21.7%	18.8%
Other Income / (Loss)	76.65	65.74	16.6%	1.8%	2.0%
Exchange Gain/(Loss)	(146.61)	18.03	-913.1%	-3.4%	0.5%
PBT	865.27	710.04	21.9%	20.1%	21.3%
Tax	223.29	214.96	3.9%	5.2%	6.5%
PAT	641.98	495.08	29.7%	14.9%	14.8%

Performance of YTD December 2013 Vs. December 2012



PERSISTENT

Particulars	YTD Dec 2013	YTD Dec 2012	Change	Exps / Sales %	
				YTD Dec 2013	YTD Dec 2012
<u>Revenue (USD M)</u>					
Services	166.37	145.67	14.2%		
IP Led	35.05	30.04	16.7%		
Revenue (USD M)	201.42	175.71	14.6%		
Avg. Exchange Rate INR/USD	60.69	54.67	11.0%		
Revenue (INR M)	12,224.16	9,605.53	27.3%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	6,310.40	4,970.76	27.0%	51.6%	51.7%
Purchase	287.41	194.04	48.1%	2.4%	2.0%
Project related Travel Expenses	365.47	229.84	59.0%	2.9%	2.3%
Total Direct costs	6,963.28	5,394.64	29.1%	56.9%	56.0%
Gross Profit	5,260.88	4,210.89	24.9%	43.1%	44.0%
Sales & Marketing Exps	1,052.62	703.06	49.7%	8.6%	7.3%
Admin. & Other Exps	1,019.74	834.81	22.2%	8.3%	8.7%
Doubtful Debt Provision	67.20	134.41	-50.0%	0.5%	1.4%
CSR Activities	25.07	17.61	42.4%	0.2%	0.2%
Total SGA	2,164.63	1,689.89	28.1%	17.6%	17.6%
EBIDTA	3,096.25	2,521.00	22.8%	25.5%	26.4%
Depreciation	328.22	281.32	16.7%	3.5%	2.9%
Amortization	433.47	290.06	49.4%	2.7%	3.0%
EBIT	2,334.56	1,949.62	19.7%	19.3%	20.5%
Other Income / (Loss)	231.50	222.56	4.0%	1.9%	2.3%
Exchange Gain/(Loss)	(62.74)	(263.88)	-76.2%	-0.5%	-2.7%
PBT	2,503.32	1,908.30	31.2%	20.7%	20.1%
Tax	682.54	550.97	23.9%	5.6%	5.7%
PAT	1,820.78	1,357.33	34.1%	15.1%	14.4%

Consolidated Balance Sheet



PERSISTENT

INR M

	As at Dec 31, 2013	As at Dec 31, 2012	As at March 31, 2013
Equity and Liabilities			
Equity Share Capital	400.00	400.00	400.00
Reserves & Surplus	11,167.58	9,320.66	9,782.55
Non-Current Liabilities	420.04	110.93	653.46
Current Liabilities	3,111.91	2,158.98	1,835.27
Total sources of Funds	15,099.53	11,990.57	12,671.28
Assets			
Fixed Assets	4,504.99	3,858.53	4,676.85
Deferred Tax asset (Net)	251.06	193.18	190.21
Long term loans & advances	201.38	160.72	199.48
Current Assets	4,192.62	3,273.93	3,230.93
Cash & Investments	5,949.48	4,504.21	4,373.81
Total uses of Funds	15,099.53	11,990.57	12,671.28

Key Financials Ratios: Q3 FY14



PERSISTENT

Ratios, %	Q3 FY14	Q2 FY14	Change QoQ	Q3 FY13	Change YoY
Gross Margin	43.9%	43.9%	0.0%	43.5%	0.4%
S&M to Revenue	8.1%	8.8%	-0.7%	7.6%	0.5%
G&A to Revenue	8.0%	9.1%	-1.1%	11.2%	-3.2%
Total S G&A to Revenue	16.1%	17.9%	-1.8%	18.8%	-2.7%
EBIDTA Margin	27.8%	26.0%	1.8%	24.7%	3.1%
EBIT Margin	21.7%	19.9%	1.8%	18.8%	2.9%
Profit before Tax	20.1%	19.3%	0.8%	21.3%	-1.2%
Profit after Tax	14.9%	14.0%	0.9%	14.8%	0.1%
EPS - Basic, Before Prior Period, INR	16.48	15.65		12.82	
EPS - Diluted, Before Prior Period, INR	16.05	15.20		12.38	

www.persistent.com



PERSISTENT

Fact Sheet

Fact Sheet



PERSISTENT

Revenue	Nos./%	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	FY13	FY12
	Total Revenue, USD M	69.94	68.45	63.03	62.11	60.75	237.82	207.39
	%, q-o-q/ y-o-y growth	2.2%	8.6%	1.5%	2.2%	1.2%	14.7%	21.8%
	Revenue from Operations, INR M	4,327.57	4,323.71	3572.88	3,339.59	3,329.85	12,945.12	10,003.11
	%, q-o-q / y-o-y	0.1%	21.0%	7.0%	0.3%	1.9%	29.4%	28.9%

Business Offerings: Revenue Mix	Revenue	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	FY13	FY12
	Product Engineering & Platform Solutions	82.2%	80.9%	84.9%	82.5%	81.8%	82.8%	91.2%
	IP Led	17.8%	19.1%	15.1%	17.5%	18.2%	17.2%	8.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segments : Revenue Mix	%	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	FY13	FY12
	Telecom	18.0%	17.6%	20.7%	22.8%	26.1%	25.3%	21.4%
	Infrastructure and Systems	68.9%	69.2%	69.1%	66.5%	63.4%	64.2%	67.5%
	Life Sciences	13.1%	13.2%	10.2%	10.7%	10.5%	10.5%	11.1%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fact Sheet (Contd...)



PERSISTENT

Geography: Revenue Mix	%	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	FY13	FY12
	North America	83.1%	84.6%	87.6%	85.1%	85.1%	84.8%	82.5%
	Europe	6.0%	4.4%	4.8%	5.7%	6.1%	6.5%	7.3%
	Asia-Pacific	10.9%	11.0%	7.6%	9.2%	8.8%	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	%	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	FY13	FY12
	Onsite	20.5%	20.6%	21.2%	18.8%	17.0%	18.2%	20.7%
	Offshore	61.7%	60.3%	63.7%	63.7%	64.8%	64.6%	70.5%
	IP Led	17.8%	19.1%	15.1%	17.5%	18.2%	17.2%	8.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Repeat Business	%	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	FY13	FY12
		82.7%	82.2%	83.0%	78.2%	81.4%	82.7%	90.4%

Fact Sheet (Contd...)



PERSISTENT

Clients billed ¹	Nos.	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	FY13	FY12
	Prod. Eng. & Platforms		253	243	253	279	264	406
IP Led		380	388	387	418	394	510	

¹ includes one time clients with overlap across business offerings

Revenue Concentration	%	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	FY13	FY12
	Top 1		19.8%	22.5%	21.2%	21.6%	21.1%	20.4%
Top 5		36.9%	37.7%	36.4%	36.7%	37.3%	34.7%	37.4%
Top 10		46.9%	47.2%	47.3%	47.9%	49.4%	46.0%	48.6%

Client Engagement Size	Nos.	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	FY13	FY12
	Large > USD 3Mn		16	16	15	15	14	15
Medium > USD 1Mn, < USD 3Mn		34	32	30	29	29	29	26

Fact Sheet (Contd...)



PERSISTENT

Yield ²	USD/p.p.m	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	FY13	FY12
			3934	3,919	3,602	3,769	3,838	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	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	FY13	FY12	
	Onsite		14,510	14,277	14,538	14,014	12,778	13,119	12,671
	Offshore		4,179	4,146	4,147	4,176	4,068	4,057	3,861

³ Billing rates exclude IP Led Revenue and are calculated on total revenue including contractual reimbursable portion. Prior period numbers are restated accordingly.

Attrition Rate	%	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	FY13	FY12
			13.2%	14.0%	14.2%	14.4%	16.0%	14.4%

Fact Sheet (Contd...)



PERSISTENT

People Numbers	Nos.	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	FY13	FY12
	Technical	7,109	6,982	6,689	6,540	6,287	6,540	6,223
	Sales & Business Development	139	128	119	99	101	99	95
	ROW	354	347	336	331	331	331	310
	Grand Total	7,602	7,457	7,144	6,970	6,719	6,970	6,628

DSO	Days	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	FY13	FY12
		63	62	65	65	67	65	65

Fact Sheet (Contd...)



PERSISTENT

Efforts Mix - Linear	Nos.	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	FY13	FY12
	Billable Person Months	15,517	15,258	15,161	14,212	13,570	55,541	57,447
	- Onsite	1,152	1,106	1,081	967	915	3,718	3,527
	- Offshore	14,365	14,152	14,080	13,245	12,655	51,823	53,920
	Billed Person Months	11,310	10,933	10,607	10,303	10,487	41,176	41,219
	- Onsite	989	989	919	832	810	3,294	3,396
	- Offshore	10,321	9,944	9,688	9,471	9,677	37,882	37,823
	Linear Utilization (Blended) %	72.9%	71.7%	70.0%	72.5%	77.3%	74.1%	71.8%
	Onsite Utilization %	85.9%	89.4%	84.9%	86.0%	88.5%	88.6%	96.3%
Offshore Utilization %	71.8%	70.3%	68.8%	71.5%	76.5%	73.1%	70.1%	

IP Led	Nos.	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	FY13	FY12
	IP Led person Months	2,260	2,210	2,335	2,267	2,257	8,974	6,135

www.persistent.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