

Persistent Systems Limited

Analyst Conference Call

Q3 FY12

January 23, 2012



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Forward-looking and Cautionary Statements

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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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Quarter ended December 31, 2011

- Revenue : ₹ 2,677.30 Million, representing Y-o-Y growth of 37.3%, and Q-o-Q growth of 12.4%
- Revenue : \$ 51.66 Million, representing Y-o-Y increase of 19.6%, and Q-o-Q growth of 0.3%
- EBIDTA : ₹ 696.15 Million, as against ₹ 427.75 Million Y-o-Y and ₹ 453.50 Million Q-o-Q
- Profit Before Tax (PBT) : ₹ 564.68 Million, as against ₹ 394.90 Million Y-o-Y and ₹ 451.16 Million Q-o-Q
- Profit After Tax (PAT) : ₹ 405.84 Million, as against ₹ 362.43 Million Y-o-Y and ₹ 324.11 Million Q-o-Q.

*Consolidated Figures



Nine Month Period ended December 31, 2011

- Revenue : ₹ 7,296.87 Million, as against ₹ 5,630.20 Million for nine month period ended December 31, 2010, representing a growth of 29.6%
- Revenue : \$ 153.19 Million, as against US\$ 123.21 Million for nine month period ended December 31, 2010, representing a growth of 24.3%
- EBIDTA : ₹ 1,550.71 Million, as against ₹ 1,202.19 Million for nine month period ended December 31, 2010, representing a growth of 29.0%
- Profit Before Tax (PBT) : ₹ 1,416.18 Million, as against ₹ 1,155.06 Million for nine month period ended December 31, 2010, representing a growth of 22.6%
- Profit after Tax (PAT) : ₹ 1,005.63 Million, as against ₹ 1,066.02 Million for nine month period ended December 31, 2010

*Consolidated Figures

Other Highlights : Q3 FY12



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Appoints Dr. Anant Jhingran as an Independent Director on the Board

Declares an interim dividend of ₹ 3.50 per share for the Financial Year 2011-12

Expands presence in Nagpur; inaugurates new state-of-art facility with a seating capacity of 1,250 people

Participates in Cisco Collaboration Summit; releases enterprise collaboration strategy whitepaper

Awards Won : Q3 FY12



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Wins the Bloomberg UTV's 'CXO Award – 2011 Technology Chapter', in the 'Indian IT Company of the Year (with revenues below INR 5,000 Crore) category

Ranked amongst the best companies following Corporate Governance Practices in India by IR Global Rankings (IRGR)

Awarded the South Asian Federation of Accountants (SAFA) – Best Presented Accounts Award 2010 and 'Certificate of Merit' in the category 'Communication and Information Technology Sector' for the Company's Annual Report 2010

Wins the Institute of Company Secretaries of India (ICSI) Excellence in Corporate Governance Award 2011, amongst the top five Indian companies adopting excellent practices in Corporate Governance

Wins the Institute of Chartered Accountants of India (ICAI), silver shield Award for Excellence in Financial Reporting

Wins the Asset – Gold Award for Social Responsibility and Investor Relations 2011. Ranked amongst the top eight international companies that follow 'social responsibility and investor relations practices'

FINANCIAL PERFORMANCE



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Sequential Q-o-Q Q3 FY12 Vs Q2 FY12



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Particulars	₹ M			\$ M			Exps / Sales %	
	Quarter ended			Quarter ended			Quarter ended	
	Q3 FY12	Q2 FY12	Change	Q3 FY12	Q2 FY12	Change	Q3 FY12	Q2 FY12
Income								
Software Sales & Services	2,665.90	2,359.54	13.0%	51.44	51.05	0.8%		
Travel Billing	11.40	22.19	-48.6%	0.22	0.48	-54.2%		
Total Revenue	2,677.30	2,381.73	12.4%	51.66	51.53	0.3%		
Avg. Exchange Rate ₹ /US\$	51.83	46.22	12.1%					
Expenditure								
Employee Related Expenses	1,452.05	1,430.46	1.5%	28.02	30.95	-9.5%	54.2%	60.1%
Purchase	12.75	7.04	81.1%	0.25	0.15	66.7%	0.5%	0.3%
Project related Travel Expenses	63.13	57.51	9.8%	1.22	1.24	-1.6%	2.4%	2.4%
Total Direct costs	1,527.93	1,495.01	2.2%	29.49	32.34	-8.8%	57.1%	62.8%
Gross Profit	1,149.37	886.72	29.6%	22.17	19.19	15.5%	42.9%	37.2%
Sales & Marketing Exps	168.37	167.08	0.8%	3.25	3.61	-10.0%	6.3%	7.0%
Admin. & Other Exps	242.44	235.52	2.9%	4.68	5.10	-8.2%	9.1%	9.9%
Doubtful Debt Provision	39.97	17.65	126.5%	0.77	0.38	102.6%	1.5%	0.7%
CSR Activities	2.44	12.97		0.05	0.28		0.1%	0.5%
Total SGA	453.22	433.22	4.6%	8.75	9.37	-6.6%	17.0%	18.1%
EBIDTA	696.15	453.50	53.5%	13.42	9.82	36.7%	25.9%	19.1%
Depreciation	159.01	139.51	14.0%	3.07	3.02	1.7%	5.9%	5.9%
EBIT	537.14	313.99	71.1%	10.35	6.80	52.2%	20.0%	13.2%
Other Income / (Loss)	27.54	137.17	-79.9%	0.53	2.97	-82.2%	1.0%	5.8%
EBT	564.68	451.16	25.2%	10.88	9.77	11.4%	21.0%	19.0%
Tax	158.84	127.05	25.0%	3.06	2.75	11.3%	5.9%	5.3%
Net Profit After Tax	405.84	324.11	25.2%	7.82	7.02	11.4%	15.1%	13.7%

Y-o-Y Comparison Q3 FY12 Vs Q3 FY11



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Particulars	₹ M			\$ M			Exps / Sales %	
	Quarter ended			Quarter ended			Quarter ended	
	Q3 FY12	Q3 FY11	Change	Q3 FY12	Q3 FY11	Change	Q3 FY12	Q3 FY11
Income								
Software Sales & Services	2,665.90	1,927.21	38.3%	51.44	42.72	20.4%		
Travel Billing	11.40	22.11	-48.4%	0.22	0.49	-55.1%		
Total Revenue	2,677.30	1,949.32	37.3%	51.66	43.21	19.6%		
Avg. Ex. Rate ₹ /US\$	51.83	45.11	14.9%					
Expenditure								
Employee Related Expenses	1,452.05	1,101.21	31.9%	28.02	24.41	14.8%	54.2%	56.5%
Purchase	12.75	6.44	98.0%	0.25	0.14	78.6%	0.5%	0.3%
Project related Travel Expenses	63.13	78.57	-19.7%	1.22	1.74	-29.9%	2.4%	4.0%
Total Direct costs	1,527.93	1,186.22	28.8%	29.49	26.29	12.2%	57.1%	60.9%
Gross Profit	1,149.37	763.10	50.6%	22.17	16.92	31.0%	42.9%	39.1%
Sales & Marketing Expenses	168.37	139.97	20.3%	3.25	3.10	4.8%	6.3%	7.2%
Admin. & Other Expenses	242.44	190.31	27.4%	4.68	4.22	10.9%	9.1%	9.8%
Doubtful Debt Provision	39.97	5.07	688.4%	0.77	0.11	600.0%	1.5%	0.3%
CSR Activities	2.44	-		0.05	0.00		0.1%	0.0%
Total SGA	453.22	335.35	35.1%	8.75	7.43	17.8%	17.0%	17.3%
EBIDTA	696.15	427.75	62.7%	13.42	9.49	41.4%	25.9%	21.8%
Depreciation	159.01	106.32	49.6%	3.07	2.36	30.1%	5.9%	5.5%
EBIT	537.14	321.43	67.1%	10.35	7.13	45.2%	20.0%	16.3%
Other Income / (Loss)	27.54	73.47	-62.5%	0.53	1.63	-67.5%	1.0%	3.8%
EBT	564.68	394.90	43.0%	10.88	8.76	24.2%	21.0%	20.1%
Tax	158.84	32.47	389.2%	3.06	0.72	325.0%	5.9%	1.7%
Net Profit After Tax	405.84	362.43	12.0%	7.82	8.04	-2.7%	15.1%	18.4%

Nine monthly Financials



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₹ Mn

	Nine Monthly FY 12	Nine Monthly FY 11	Change
Income from sale of software products and services	7,296.87	5,630.20	29.6%
Direct Cost	4,427.05	3,389.81	30.6%
Gross Profit	2,869.82	2,240.39	28.1%
S&M	512.69	453.17	13.1%
G&A	806.42	585.03	37.8%
Total S, G&A	1,319.11	1,038.20	27.1%
EBIDTA	1,550.71	1,202.19	29.0%
Depreciation	424.97	304.56	39.5%
EBIT	1,125.74	897.63	25.4%
Other Income	204.08	112.80	80.9%
Foreign Exchange Gain / (Loss)	86.36	144.63	-40.3%
Profit before Tax	1,416.18	1,155.06	22.6%
Tax	410.55	89.04	361.1%
Profit after Tax	1,005.63	1,066.02	-5.7%

Consolidated Balance Sheet



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₹ Mn

	As at Dec. 31, 2011	As at Dec. 31, 2010
Sources of Funds		
Equity Share Capital	400.00	400.00
Reserves & Surplus	7,395.51	6,780.13
Non-Current Liabilities	132.21	113.64
Current Liabilities	2,300.58	1,320.36
Total sources of Funds	10,228.30	8,614.13
Application of Funds		
Fixed Assets	3,306.60	2,479.55
Deferred Tax asset (Net)	78.40	13.67
Long term loans & advances	178.67	155.40
Other Non-Current Assets	1.48	1.25
Current Assets	5,145.41	5,060.99
Cash and Cash Equivalents	1,517.74	903.27
Total uses of Funds	10,228.30	8,614.13

Key Financials Ratios: Q3 FY12



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Ratios, %	Q3 FY12	Q2 FY12	QoQ, %	Q3 FY11	YoY%
Gross Margin	42.9%	37.2%	5.7%	39.1%	3.8%
S&M to Revenue	6.3%	7.0%	0.7%	7.2%	0.9%
G&A to Revenue	10.7%	11.1%	0.4%	10.1%	-0.6%
Total S, G&A to Revenue	17.0%	18.1%	1.1%	17.3%	0.3%
EBIDTA Margin	25.9%	19.1%	6.8%	21.8%	4.1%
EBIT Margin	20.0%	13.2%	6.8%	16.3%	3.7%
Profit before Tax	21.0%	19.0%	2.0%	20.1%	0.9%
Profit after Tax	15.1%	13.7%	1.4%	18.4%	-3.3%
EPS - Basic, Before Prior Period, INR	10.58	8.48		9.59	
EPS - Diluted, Before Prior Period, INR	10.15	8.10		9.06	

FACT SHEET



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Revenue		Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10
	Total Revenue, US \$ Mn	51.66	51.53	50.00	47.02	43.21	170.24	127.30
	%, q-o-q/ y-o-y growth	0.3%	3.1%	6.3%	8.8%	6.7%	33.7%	-0.5%
	Revenue from Operations, ₹ Mn	2,677.30	2,381.73	2,237.84	2,128.21	1,949.32	7,758.41	6,011.56
	%, q-o-q/y-o-y	12.4%	6.4%	5.2%	9.2%	4.2%	29.1%	1.2%

Segments	%	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10
	Telecom	20.4%	22.0%	22.2%	20.5%	23.0%	20.6%	22.8%
	Infrastructure and Systems	67.1%	67.4%	67.9%	68.3%	65.4%	68.6%	66.0%
	Life Sciences	12.5%	10.6%	9.9%	11.2%	11.6%	10.8%	11.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fact Sheet (Contd...)



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Geography	%	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10
	North America	82.9%	82.0%	82.8%	86.3%	85.4%	85.6%	84.8%
	Europe	7.2%	7.8%	7.4%	5.8%	5.3%	5.9%	8.2%
	Asia-Pacific	9.9%	10.2%	9.8%	7.9%	9.3%	8.5%	7.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Onsite: Offshore Mix	%	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10
	Onsite	21.2%	21.7%	22.6%	22.3%	22.2%	21.1%	12.7%
	Offshore	78.8%	78.3%	77.4%	77.7%	77.8%	78.9%	87.3%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fact Sheet (Contd...)



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Revenue Mix	%	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10
	T&E	79.0%	80.4%	79.8%	74.2%	78.6%	78.6%	77.3%
	FPP	11.8%	12.0%	14.1%	15.5%	13.9%	12.6%	15.5%
	IP driven	9.2%	7.6%	6.1%	10.3%	7.5%	8.8%	7.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Repeat Business	%	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10
		88.2%	92.8%	97.0%	89.4%	92.7%	93.7%	91.3%

Clients billed	No	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10
		273	253	239	229	207	302	293

Fact Sheet (Contd...)



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Client Engagement Size	Nos.	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10
	Large > \$ 3Mn	10	10	9	9	9	9	6
	Medium > \$ 1Mn, < \$ 3Mn	27	32	32	26	29	22	16
	Small Upto \$ 1 Mn	236	211	198	194	169	271	271
	Total	273	253	239	229	207	302	293

DSO	Days	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10
		68	66	63	62	67	62	67

Billing Rates ¹	USD/p.p.m	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10
	Onsite - Linear	12,387	12,665	13,033	12,746	12,896	12,644	12,387
	Offshore - Linear	3,778	3,771	3,770	3,723	3,661	3,648	3,572

¹These represent rates without IP revenues, and have been restated for past periods

Fact Sheet (Contd...)



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Yield	USD/p.p.m	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10
			3,247	3,208	3,147	3,238	3,219	3,207

Revenue Concentration	%	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10
	Top 1		15.9%	16.0%	15.1%	19.4%	14.4%	15.4%
Top 5		37.0%	38.6%	37.6%	41.5%	36.8%	38.4%	33.3%
Top 10		48.3%	49.4%	48.2%	52.8%	48.0%	49.7%	43.8%

People Numbers		Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10
	Technical		6,288	6,469	6,178	5,950	5,070	5,950
Sales & Business Development		103	113	119	108	94	108	71
Rest		315	318	323	302	296	302	270
Grand Total		6,706	6,900	6,620	6,360	5,460	6,360	4,662

Fact Sheet (Contd...)



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Investment in IP Led work	%	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10
	Technical time spent		6.0%	5.5%	4.7%	3.6%	4.1%	4.1%

Utilization ²	%	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10
			74.1%	73.8%	72.7%	71.0%	74.2%	73.7%

²Excludes resources in investment in IP Led work and has been restated for past periods

Attrition Rate	%	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10
			17.4%	17.7%	18.4%	19.6%	21.5%	19.6%

Person Months	No.	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	FY11	FY10	
	Billable-Linear		14,190	14,413	14,331	13,254	12,259	48,186	39,957
	Billed-Linear		10,334	10,476	10,241	9,235	8,974	34,959	28,873

THANK YOU

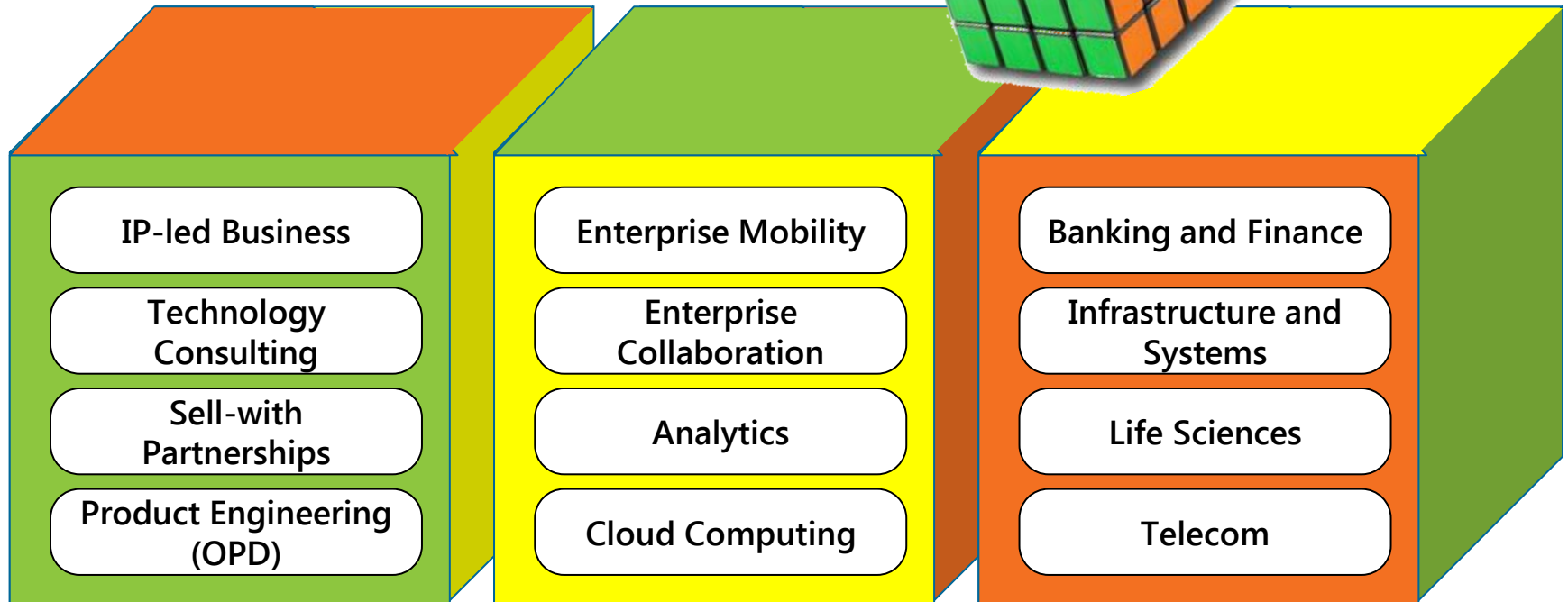


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Our Business Offering – 4 X 4 X 4



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Persistent owned facilities



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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)