

# Persistent Systems Limited

## Analyst Conference Call

Q2 FY12

October 17, 2011



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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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# Financial Highlights\* : Q2 FY12



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## Quarter ended September 30, 2011

- Revenue : \$ 51.53 Million, representing a Y-o-Y increase of 27.2%, and Q-o-Q growth of 3.1%
- Revenue : ₹ 2,381.73 Million, representing a Y-o-Y growth of 27.4%, and a Q-o-Q growth of 6.4%
- EBIDTA was ₹ 453.50 Million, against ₹ 430.34 Million Y-o-Y and ₹ 401.02 Million Q-o-Q.
- Profit Before Tax (PBT) was ₹ 451.16 Million, against ₹ 389.04 Million Y-o-Y and ₹ 400.34 Million Q-o-Q.
- Profit After Tax (PAT) was ₹ 324.11 Million, against ₹ 358.31 Million Y-o-Y and ₹ 275.68 Million Q-o-Q.

\*Consolidated Figures

# Financial Highlights\* : H1 FY 12



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## Half year ended September 30, 2011

- Revenue was US\$ 101.53 Million, as against US\$ 80.00 Million in half year ended Sept. 30, 2010 representing a growth of 26.9%.
- Revenue was ₹ 4,619.57 Million, as against ₹ 3,680.88 Million in half year ended Sept. 30, 2010 representing a growth of 25.5 %
- EBIDTA was ₹ 854.52 Million, as against ₹ 774.43 Million in half year ended Sept. 30, 2010 representing a growth of 10.3 %
- Profit Before Tax (PBT) was ₹ 851.50 Million, against ₹ 760.15 Million in half year ended Sept. 30, 2010 representing a growth of 12.0 %
- Profit after Tax (PAT) was ₹ 599.79 Million, against ₹ 703.59 Million in half year ended Sept. 30, 2010.

\*Consolidated Figures

## Other Highlights : Q2 FY12



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Acquired the French software business from Agilent Technologies and consequent to satisfaction of the customary closing conditions, the transaction was closed successfully.

Launches eMee – a smart, interactive employee engagement platform.

Develops KLISMA - next generation e(experience) commerce platform for modern retail.

Launches PaxPro a comprehensive suite of Brand Lifecycle Management (BLM) solution in India.

Develops a solution accelerator for rapid Skype video integration on embedded devices.

Announced a strategic services partnership with Dassault Systèmes in the PLM space.

Partners with CloudSense for developing next generation Force.com based solutions.

632 new graduates from engineering background join across company locations.

Invests in windmill turbine; reinforces commitment to the environment.

Persistent Foundation launches a village upliftment project at Salumbre.

# FINANCIAL PERFORMANCE



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# Sequential Q-o-Q Q2 FY 12 Vs Q1 FY 12



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Particulars	₹ M			\$ M			Exps / Sales %	
	Quarter ended		Change	Quarter ended		Change	Quarter ended	
	Q2 FY 12	Q1 FY 12		Q2 FY 12	Q1 FY 12		Q2 FY 12	Q1 FY 12
<b>Income</b>								
Software Sales & Services	2,359.08	2,217.25	6.4%	51.05	49.54	3.0%		
Travel Billing	22.65	20.59	10.0%	0.48	0.46	6.5%		
<b>Total Revenue</b>	<b>2,381.73</b>	<b>2,237.84</b>	<b>6.4%</b>	<b>51.53</b>	<b>50.00</b>	<b>3.1%</b>		
Avg. Exchange Rate ₹ / \$	46.22	44.76	3.3%					
<b>Expenditure</b>								
Employee Related Expenses	1,430.46	1,327.47	7.8%	30.95	29.66	4.3%	60.1%	59.3%
Purchase	7.04	9.09	-22.6%	0.15	0.20	-25.0%	0.3%	0.4%
Project related Travel Expenses	57.51	67.55	-14.9%	1.24	1.51	-17.9%	2.4%	3.0%
Total Direct costs	1,495.01	1,404.11	6.5%	32.34	31.37	3.1%	62.8%	62.7%
<b>Gross Profit</b>	<b>886.72</b>	<b>833.73</b>	<b>6.4%</b>	<b>19.19</b>	<b>18.63</b>	<b>3.0%</b>	<b>37.2%</b>	<b>37.3%</b>
Sales & Marketing Expenses	167.08	177.24	-5.7%	3.61	3.96	-8.8%	7.0%	7.9%
Admin. & Other Expenses	235.52	238.38	-1.2%	5.10	5.33	-4.3%	9.9%	10.7%
Doubtful Debt Provision	17.65	17.02	3.7%	0.38	0.38	0.0%	0.7%	0.8%
CSR Activities	12.97	0.07	NA	0.28	-	NA	0.5%	0.0%
Total SGA	433.22	432.71	0.1%	9.37	9.67	-3.1%	18.2%	19.3%
<b>EBIDTA</b>	<b>453.50</b>	<b>401.02</b>	<b>13.1%</b>	<b>9.82</b>	<b>8.96</b>	<b>9.6%</b>	<b>19.0%</b>	<b>17.9%</b>
Depreciation	139.51	126.45	10.3%	3.02	2.83	6.7%	5.9%	5.7%
<b>EBIT</b>	<b>313.99</b>	<b>274.57</b>	<b>14.4%</b>	<b>6.80</b>	<b>6.13</b>	<b>10.9%</b>	<b>13.2%</b>	<b>12.3%</b>
Other Income / (Loss)	137.17	125.77	9.1%	2.97	2.81	5.7%	5.8%	5.6%
<b>EBT</b>	<b>451.16</b>	<b>400.34</b>	<b>12.7%</b>	<b>9.77</b>	<b>8.94</b>	<b>9.3%</b>	<b>18.9%</b>	<b>17.9%</b>
Tax	127.05	124.66	1.9%	2.75	2.79	-1.4%	5.3%	5.6%
<b>Net Profit After Tax</b>	<b>324.11</b>	<b>275.68</b>	<b>17.6%</b>	<b>7.02</b>	<b>6.15</b>	<b>14.1%</b>	<b>13.6%</b>	<b>12.3%</b>



# Y-o-Y Comparison Q2 FY 12 Vs Q2 FY 11



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Particulars	₹ M			\$ M			Exps / Sales %	
	Quarter ended		Change	Quarter ended		Change	Quarter ended	
	Q2 FY 12	Q2 FY 11		Q2 FY 12	Q2 FY 11		Q2 FY 12	Q2 FY 11
<b>Income</b>								
Software Sales & Services	2,359.08	1,846.45	27.8%	51.05	40.00	27.6%		
Travel Billing	22.65	23.54	-3.8%	0.48	0.51	-3.9%		
<b>Total Revenue</b>	<b>2,381.73</b>	<b>1,869.99</b>	<b>27.4%</b>	<b>51.53</b>	<b>40.51</b>	<b>27.2%</b>		
Avg. Exchange Rate ₹ / \$	46.22	46.16	0.1%					
<b>Expenditure</b>								
Employee Related Expenses	1,430.46	1,008.98	41.8%	30.95	21.86	41.6%	60.1%	54.0%
Purchase	7.04	8.99	-21.7%	0.15	0.19	-21.1%	0.3%	0.5%
Project related Travel Expenses	57.51	62.30	-7.7%	1.24	1.35	-8.1%	2.4%	3.3%
<b>Total Direct costs</b>	<b>1,495.01</b>	<b>1,080.27</b>	<b>38.4%</b>	<b>32.34</b>	<b>23.40</b>	<b>38.2%</b>	<b>62.8%</b>	<b>57.8%</b>
<b>Gross Profit</b>	<b>886.72</b>	<b>789.72</b>	<b>12.3%</b>	<b>19.19</b>	<b>17.11</b>	<b>12.2%</b>	<b>37.2%</b>	<b>42.2%</b>
Sales & Marketing Expenses	167.08	170.05	-1.7%	3.61	3.68	-1.9%	7.0%	9.1%
Admin. & Other Expenses	235.52	174.01	35.3%	5.10	3.77	35.3%	9.9%	9.3%
Doubtful Debt Provision	17.65	5.26	235.6%	0.38	0.11	245.5%	0.7%	0.3%
CSR Activities	12.97	10.06	NA	0.28	0.22	NA	0.5%	0.5%
<b>Total SGA</b>	<b>433.22</b>	<b>359.38</b>	<b>20.5%</b>	<b>9.37</b>	<b>7.78</b>	<b>20.5%</b>	<b>18.2%</b>	<b>19.2%</b>
<b>EBIDTA</b>	<b>453.50</b>	<b>430.34</b>	<b>5.4%</b>	<b>9.82</b>	<b>9.33</b>	<b>5.2%</b>	<b>19.0%</b>	<b>23.0%</b>
Depreciation	139.51	100.68	38.6%	3.02	2.18	38.5%	5.9%	5.4%
<b>EBIT</b>	<b>313.99</b>	<b>329.66</b>	<b>-4.8%</b>	<b>6.80</b>	<b>7.15</b>	<b>-4.9%</b>	<b>13.2%</b>	<b>17.6%</b>
Other Income / (Loss)	137.17	59.38	131.0%	2.97	1.29	130.2%	5.8%	3.2%
<b>EBT</b>	<b>451.16</b>	<b>389.04</b>	<b>16.0%</b>	<b>9.77</b>	<b>8.44</b>	<b>15.7%</b>	<b>18.9%</b>	<b>20.8%</b>
Tax	127.05	30.73	313.4%	2.75	0.67	310.4%	5.3%	1.6%
<b>Net Profit After Tax</b>	<b>324.11</b>	<b>358.31</b>	<b>-9.5%</b>	<b>7.02</b>	<b>7.77</b>	<b>-9.7%</b>	<b>13.6%</b>	<b>19.2%</b>

# Half-yearly Financials



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₹ M

	H1 FY 12	H1, FY 11	Change
Income from sale of software products and services	4,619.57	3,680.88	25.5%
Direct Cost	2,899.12	2,203.58	31.6%
<b>Gross Profit</b>	<b>1,720.45</b>	<b>1,477.30</b>	<b>16.5%</b>
S&M	344.32	313.21	9.9%
G&A	521.61	389.66	33.9%
Total S, G&A	865.93	702.87	23.2%
<b>EBIDTA</b>	<b>854.52</b>	<b>774.43</b>	<b>10.3%</b>
Depreciation	265.96	198.24	34.2%
EBIT	588.56	576.19	2.1%
Other Income	135.62	74.51	82.0%
Foreign Exchange Gain / (Loss)	127.32	109.45	16.3%
<b>Profit before Tax</b>	<b>851.50</b>	<b>760.15</b>	<b>12.0%</b>
Tax	251.71	56.56	345.0%
<b>Profit after Tax</b>	<b>599.79</b>	<b>703.59</b>	<b>-14.8%</b>

# Consolidated Balance Sheet

₹ M



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	As at Sept 30 , 2011	As at Sept 30 , 2010
Sources of Funds		
Equity Share Capital	400.00	400.00
Reserves & Surplus	7,435.71	6,602.76
Non-Current Liabilities	141.40	163.53
Current Liabilities	1,601.11	1,007.70
<b>Total sources of Funds</b>	<b>9,578.22</b>	<b>8,173.99</b>
Application of Funds		
Fixed Assets	3,264.66	2,383.33
Non-Current Investments	-	-
Deferred Tax asset (Net)	71.16	11.65
Long term loans & advances	140.87	111.00
Current Assets	4,316.73	5,344.14
Cash and Cash Equivalents	1,784.80	323.87
<b>Total uses of Funds</b>	<b>9,578.22</b>	<b>8,173.99</b>

# Key Financials Ratios: Q2 FY12



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Ratios, %	Q2 FY 12	Q1, FY 12	QoQ %	Q2 FY 11	YoY%
Gross Margin	37.2%	37.3%	-0.1%	42.2%	-5.0%
S&M to Revenue	7.0%	7.9%	0.9%	9.1%	2.1%
G&A to Revenue	11.2%	11.4%	0.2%	10.1%	-1.0%
Total S, G&A to Revenue	18.2%	19.3%	1.1%	19.2%	1.0%
EBIDTA Margin	19.0%	17.9%	1.1%	23.0%	-4.0%
EBIT Margin	13.2%	12.3%	0.9%	17.6%	-4.4%
Profit before Tax	18.9%	17.9%	1.1%	20.8%	-1.9%
Profit after Tax	13.6%	12.3%	1.3%	19.2%	-5.6%
EPS - Basic, Before Prior Period, INR	8.48	7.23		9.64	
EPS - Diluted, Before Prior Period, INR	8.10	6.89		9.08	

# FACT SHEET



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# Fact Sheet



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Revenue		Q2 FY 12	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	FY 11	FY 10
	Total Revenue, US \$ Mn	51.53	50.00	47.02	43.21	40.51	170.24	127.30
	%, q-o-q/ y-o-y growth	3.1%	6.3%	8.8%	6.7%	2.6%	33.7%	-0.5%
	Revenue from Operations, INR Mn	2,381.73	2,237.84	2,128.21	1,949.32	1,869.99	7,758.41	6,011.56
	%, q-o-q	6.4%	5.2%	9.2%	4.2%	3.3%	29.1%	1.2%

Segments	%	Q2 FY 12	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	FY 11	FY 10
	Telecom	22.0%	22.2%	20.5%	23.0%	20.0%	20.6%	22.8%
	Infrastructure and Systems	67.4%	67.9%	68.3%	65.4%	69.4%	68.6%	66.0%
	Life Sciences	10.6%	9.9%	11.2%	11.6%	10.6%	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	%	Q2 FY 12	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	FY 11	FY 10
	North America	82.0%	82.8%	86.3%	85.4%	85.5%	85.6%	84.8%
	Europe	7.8%	7.4%	5.8%	5.3%	6.0%	5.9%	8.2%
	Asia-Pacific	10.2%	9.8%	7.9%	9.3%	8.5%	8.5%	7.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Onsite: Offshore Mix	%	Q2 FY 12	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	FY 11	FY 10
	Onsite	21.7%	22.6%	22.3%	22.2%	20.2%	21.1%	12.7%
	Offshore	78.3%	77.4%	77.7%	77.8%	79.8%	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	%	Q2 FY 12	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	FY 11	FY 10
	T&E	80.4%	79.8%	74.2%	78.6%	81.1%	78.6%	77.3%
	FPP	12.0%	14.1%	15.5%	13.9%	10.7%	12.6%	15.5%
	IP driven	7.6%	6.1%	10.3%	7.5%	8.2%	8.8%	7.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Repeat Business	%	Q2 FY 12	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	FY 11	FY 10
		92.8%	97.0%	89.4%	92.7%	94.6%	93.7%	91.3%

Clients billed	No	Q2 FY 12	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	FY 11	FY 10
		253	239	229	207	201	302	293



# Fact Sheet (Contd...)



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Client Engagement Size	Nos.	Q2 FY 12	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	FY 11	FY 10
	Large > \$ 3Mn	10	9	9	9	9	9	6
	Medium > \$ 1Mn, < \$ 3Mn	32	32	26	29	21	22	16
	Small Upto \$ 1 Mn	211	198	194	169	171	271	271
	Total	253	239	229	207	201	302	293

DSO	Days	Q2 FY 12	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	FY 11	FY 10
			66	63	62	67	60	62

Billing Rates	USD/p.p.m	Q2 FY 12	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	FY 11	FY 10
	Onsite - Linear	12,665	13,033	12,746	12,896	12,470	12,644	12,387
	Offshore - Linear	3,771	3,770	3,723	3,661	3,601	3,648	3,572

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

# Fact Sheet (Contd...)



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Yield	USD/p.p.m	Q2 FY 12	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	FY 11	FY 10
			3,208	3,147	3,238	3,219	3,108	3,207

Revenue Concentration *	%	Q2 FY 12	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	FY 11	FY 10
	Top 1		16.0%	15.1%	19.4%	14.4%	16.3%	15.4%
Top 5		38.6%	37.6%	41.5%	36.8%	37.9%	38.4%	33.3%
Top 10		49.4%	48.2%	52.8%	48.0%	49.5%	49.7%	43.8%

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

People Numbers		Q2 FY 12	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	FY 11	FY 10
	Technical		6,469	6,178	5,950	5,070	4,907	5,950
Sales & Business Development		113	119	108	94	87	108	71
Rest		318	323	302	296	287	302	270
Grand Total		6,900	6,620	6,360	5,460	5,281	6,360	4,662

# Fact Sheet (Contd...)



Investment in IP Led work	%	Q2 FY 12	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	FY 11	FY 10
	Technical time spent		5.5%	4.7%	3.6%	4.1%	4.4%	4.1%

Utilization – Linear*	%	Q2 FY 12	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	FY 11	FY 10
			73.8%	72.7%	71.0%	74.2%	71.7%	73.7%

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

Attrition Rate	%	Q2 FY 12	Q1 FY 12	Q4 FY 11	Q3 FY 11	Q2 FY 11	FY 11	FY 10
			17.7%	18.4%	19.6%	21.5%	18.6%	19.6%

THANK YOU

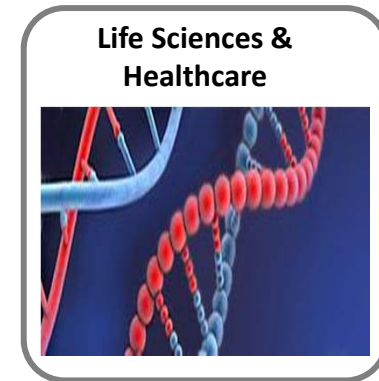


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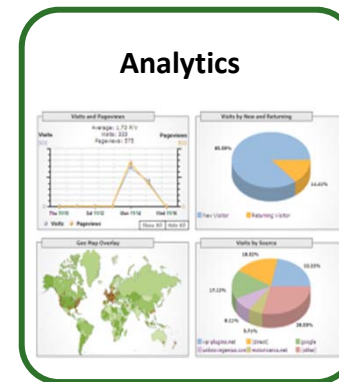
# Depth in focused areas and continuous investment in new technology areas



Existing focus areas



New technology focus areas



# 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)