



Persistent Systems Limited

Quarter ending September 30, 2013

October 20, 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

Key Highlights – Q2 FY 14 performance



- Revenue was US\$ 68.45 Million, representing a Y-o-Y growth of 14.0%, and Q-o-Q growth of 8.6%
- Revenue was Rs 4,323.71 Million representing a Y-o-Y growth of 32.3% and Q-o-Q growth of 21%.
- IP led Revenue for the quarter was US\$ 13.10 Million as against US\$ 9.49 Million for the previous quarter, representing a Q-o-Q growth of 38.0%.
- EBIDTA was Rs 1,122.07 Million, representing a Y-o-Y growth of 26% and Q-o-Q growth of 44.4%.
- PBT was Rs 834.93 Million, representing a Y-o-Y growth of 34.1% and Q-o-Q growth of 4%
- PAT was Rs 607.85 Million, representing a Y-o-Y growth of 36.1%, and Q-o-Q growth of 6.5%.

Key Highlights – H1 FY 14 performance



- Revenue was US\$ 131.48 Million, as against US\$ 114.96 Million for half year ended September 30, 2012, representing a growth of 14.4%
- Revenue was Rs 7,896.59 Million, as against Rs 6,275.68 Million for half year ended September 30, 2012, representing a growth of 25.8%
- EBIDTA was Rs 1,899.00 Million, as against Rs 1,696.92 Million for half year ended September 30, 2012, representing a growth of 11.9%
- PBT was Rs 1,638.05 Million, against Rs 1,198.26 Million for half year ended September 30, 2012, representing a growth of 36.7%.
- PAT was Rs 1,178.80 Million, against Rs 862.25 Million for half year ended September 30, 2012, representing a growth of 36.7%.

Key Highlights

- Opened first [US Collaborative Software Development Center](#) in Dublin, Ohio to further strengthen and expand regional customer relationships in delivering next generation cloud computing, analytics, mobility and social collaboration solutions.
- Unveiled the release of its [rCloud 4 Universal Architecture](#), an innovative cloud platform (under Doyenz) that meets the business continuity needs of businesses of all sizes with Instant Restore capabilities.
- Expanded Oracle practice to help Oracle partners and customers solve increasingly complex data, mobility and security challenges associated with next-generation enterprises.
- Attained [ISO 13485:2003 Certification](#), the international Quality Management Systems standard for Medical Device Software. This global certification enables Persistent Systems to expand its product design, development, testing and enhancement of Medical Device Software and related service and support offerings.
- Hosted Persistent Systems' first annual Innovation Day and launched the Company's Innovation Centre for Employees (ICE).
- Hosted first Persistent Systems PLM Summit in Chicago.

Awards and Recognitions

- Won the Golden Peacock Award in Corporate Governance under the National Category for the second consecutive year.
- Ranked Top Service Provider in [Enterprise Software Segment](#) by Zinnov.
- Recognized by Computerworld as a "[2013 Computerworld Honors Laureate](#)" in the Emerging Technology category.
- Named to the "Top 200 Best Under a Billion Companies" in Asia Pacific by [Forbes India](#) for its sustained financial performance.
- Ranked among the Top 100 Companies in 'Dataquest Top 20' issue of Dataquest.
- Won Best Virtual Learning Program Award (Gold) by Tata Institute of Social Sciences LeapVault CLO Awards.
- Awarded the Economic Times (ET) Now Channel's World CSR Day Award for 'Best Employee Engagement Strategy.'



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Financial Performance

Sequential Q2 FY14 Vs. Q1 FY14



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Particulars	Q2FY14	Q1FY14	Change	Exps / Sales %	
			QoQ	Q2FY14	Q1FY14
Revenue (\$ M)					
Services	55.35	53.54	3.4%		
IP Led	13.10	9.49	38.0%		
Revenue (\$ M)	68.45	63.03	8.6%		
Avg. Exchange Rate Rs/US\$	63.17	56.69	11.4%		
Revenue (Rs. M)	4,323.71	3,572.88	21.0%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	2,198.67	1,881.82	16.8%	50.9%	52.7%
Purchase / Royalty	114.14	82.20	38.9%	2.6%	2.3%
Project related Travel Expenses	112.93	140.72	-19.7%	2.6%	3.9%
Total Direct costs	2,425.74	2,104.74	15.3%	56.1%	58.9%
Gross Profit	1,897.97	1,468.14	29.3%	43.9%	41.1%
Sales & Marketing Exps	381.59	319.19	19.5%	8.8%	8.9%
Admin. & Other Exps	341.64	339.77	0.6%	7.9%	9.5%
Doubtful Debt Provision	33.62	29.37	14.5%	0.8%	0.8%
CSR Activities	19.05	2.88	561.5%	0.4%	0.1%
Total SGA	775.90	691.21	12.3%	17.9%	19.3%
EBIDTA	1,122.07	776.93	44.4%	26.0%	21.8%
Depreciation	110.86	104.96	5.6%	2.6%	2.9%
Amortization	152.00	131.85	15.3%	3.5%	3.7%
EBIT	859.21	540.12	59.1%	19.9%	15.2%
Other Income / (Loss)	75.29	79.56	-5.4%	1.7%	2.2%
Exchange Gain/(Loss)	(99.57)	183.44	-154.3%	-2.3%	5.1%
PBT	834.93	803.12	4.0%	19.3%	22.5%
Tax	227.08	232.17	-2.2%	5.3%	6.5%
PAT	607.85	570.95	6.5%	14.0%	16.0%

Y-o-Y Q2 FY14 Vs. Q2 FY13



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Particulars			Change	Exps / Sales %	
	Q2FY14	Q2FY13	YoY	Q2FY14	Q2FY13
Revenue (\$ M)					
Services	55.35	48.69	13.7%		
IP Led	13.10	11.36	15.3%		
Revenue (\$ M)	68.45	60.05	14.0%		
Avg. Exchange Rate Rs. /US\$	63.17	54.43	16.0%		
Revenue (Rs. M)	4,323.71	3,268.64	32.3%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	2,198.67	1,656.25	32.7%	50.9%	50.7%
Purchase	114.14	96.58	18.2%	2.6%	3.0%
Project related Travel Expenses	112.93	74.80	51.0%	2.6%	2.3%
Total Direct costs	2,425.74	1,827.63	32.7%	56.1%	56.0%
Gross Profit	1,897.97	1,441.01	31.7%	43.9%	44.0%
Sales & Marketing Exps	381.59	233.51	63.4%	8.8%	7.1%
Admin. & Other Exps	341.64	261.15	30.8%	7.9%	8.0%
Doubtful Debt Provision	33.62	41.60	-19.2%	0.8%	1.3%
CSR Activities	19.05	14.55	30.9%	0.4%	0.4%
Total SGA	775.90	550.81	40.9%	17.9%	16.8%
EBIDTA	1,122.07	890.20	26.0%	26.0%	27.2%
Depreciation	110.86	91.61	21.0%	2.6%	2.8%
Amortization	152.00	97.45	56.0%	3.5%	3.0%
EBIT	859.21	701.14	22.5%	19.9%	21.4%
Other Income / (Loss)	75.29	82.25	-8.5%	1.7%	2.5%
Exchange Gain/(Loss)	(99.57)	(160.60)	-38.0%	-2.3%	-4.9%
PBT	834.93	622.79	34.1%	19.3%	19.0%
Tax	227.08	176.32	28.8%	5.3%	5.4%
PAT	607.85	446.47	36.1%	14.0%	13.6%

H1 FY14 Vs. H1 FY13



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Particulars			Change YoY	Exps / Sales %	
	H1 FY 2014	H1 FY 2013		H1 FY 2014	H1 FY 2013
Revenue (\$ M)					
Services	108.89	95.95	13.5%		
IP Led	22.59	19.01	18.8%		
Revenue (\$ M)	131.48	114.96	14.4%		
Avg. Exchange Rate Rs. /US\$	60.06	54.59	10.0%		
Revenue (Rs. M)	7,896.59	6,275.68	25.8%		
Cost of Revenue	Rs. M	Rs. M			
Employee Related Expenses	4,080.49	3,195.85	27.7%	51.7%	50.9%
Purchase	196.34	154.49	27.1%	2.5%	2.5%
Project related Travel Expenses	253.65	162.69	55.9%	3.2%	2.6%
Total Direct costs	4,530.48	3,513.03	29.0%	57.4%	56.0%
Gross Profit	3,366.11	2,762.65	21.8%	42.6%	44.0%
Sales & Marketing Exps	700.78	451.04	55.4%	8.9%	7.2%
Admin. & Other Exps	681.41	515.39	32.2%	8.6%	8.2%
Doubtful Debt Provision	62.99	81.80	-23.0%	0.8%	1.3%
CSR Activities	21.93	17.50	25.3%	0.3%	0.3%
Total SGA	1,467.11	1,065.73	37.7%	18.6%	17.0%
EBIDTA	1,899.00	1,696.92	11.9%	24.0%	27.0%
Depreciation	215.82	179.64	20.1%	2.7%	2.9%
Amortization	283.85	193.94	46.4%	3.6%	3.1%
EBIT	1,399.33	1,323.34	5.7%	17.7%	24.1%
Other Income / (Loss)	154.85	156.82	-1.3%	2.0%	2.5%
Exchange Gain/(Loss)	83.87	(281.90)	129.8%	1.1%	-4.5%
PBT	1,638.05	1,198.26	36.7%	20.8%	22.1%
Tax	459.25	336.01	36.7%	5.8%	5.4%
PAT	1,178.80	862.25	36.7%	15.0%	16.7%

Consolidated Balance Sheet



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₹ Mn

	As at Sep 30, 2013	As at Sep 30, 2012	As at March 31, 2013
Equity and Liabilities			
Equity Share Capital	400.00	400.00	400.00
Reserves & Surplus	10,601.88	9,147.57	9,782.55
Non-Current Liabilities	737.86	85.67	653.46
Current Liabilities	2,446.25	1,471.45	1,835.27
Total sources of Funds	14,185.99	11,104.69	12,671.28
Assets			
Fixed Assets	4,696.04	3,632.92	4,676.85
Deferred Tax asset (Net)	234.92	169.13	190.21
Long term loans & advances	174.42	136.45	199.48
Current Assets	3,839.17	3,292.08	3,230.93
Cash & Investments	5,241.44	3,874.11	4,373.81
Total uses of Funds	14,185.99	11,104.69	12,671.28

Key Financials Ratios: Q2 FY14



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Ratios, %	Q2 FY14	Q1 FY14	Change QoQ	Q2 FY13	Change YoY
Gross Margin	43.9%	41.1%	2.8%	44.0%	-0.1%
S&M to Revenue	8.8%	8.9%	-0.1%	7.1%	1.7%
G&A to Revenue	9.1%	10.4%	-1.3%	9.7%	-0.6%
Total S G&A to Revenue	17.9%	19.3%	-1.4%	16.8%	1.1%
EBIDTA Margin	26.0%	21.8%	4.2%	27.2%	-1.2%
EBIT Margin	19.9%	15.2%	4.7%	21.4%	-1.5%
Profit before Tax	19.3%	22.5%	-3.2%	19.0%	0.3%
Profit after Tax	14.0%	16.0%	-2.0%	13.6%	0.4%
EPS - Basic, Before Prior Period, INR	15.65	14.47		11.58	
EPS - Diluted, Before Prior Period, INR	15.20	14.27		11.16	

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Fact Sheet

Fact Sheet



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Revenue		Q2 FY 14	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	FY13	FY12
	Total Revenue, US \$ M	68.45	63.03	62.11	60.75	60.05	237.82	207.39
	%, q-o-q/ y-o-y growth	8.6%	1.5%	2.2%	1.2%	9.4%	14.7%	21.8%
	Revenue from Operations Rs. M	4,323.71	3572.88	3,339.59	3,329.85	3,268.64	12,945.12	10,003.11
	%, q-o-q / y-o-y	21.0%	7.0%	0.3%	1.9%	8.7%	29.4%	28.9%

Business Offerings: Revenue Mix		Q2 FY 14	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	FY13	FY12
	Product Engineering & Platform Solutions	80.9%	84.9%	82.5%	81.8%	81.1%	82.8%	91.2%
	IP Led	19.1%	15.1%	17.5%	18.2%	18.9%	17.2%	8.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segments : Revenue Mix		Q2 FY 14	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	FY13	FY12
	Telecom	17.6%	20.7%	22.8%	26.1%	28.0%	25.3%	21.4%
	Infrastructure and Systems	69.2%	69.1%	66.5%	63.4%	62.4%	64.2%	67.5%
	Life Sciences	13.2%	10.2%	10.7%	10.5%	9.6%	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		Q2 FY 14	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	FY13	FY12
	North America	84.6%	87.6%	85.1%	85.1%	84.6%	84.8%	82.5%
	Europe	4.4%	4.8%	5.7%	6.1%	7.4%	6.5%	7.3%
	ROW	11.0%	7.6%	9.2%	8.8%	8.0%	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	%	Q2 FY 14	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	FY13	FY12
	Onsite	20.6%	21.2%	18.8%	17.0%	17.6%	18.2%	20.7%
	Offshore	60.3%	63.7%	63.7%	64.8%	63.5%	64.6%	70.5%
	IP Led	19.1%	15.1%	17.5%	18.2%	18.9%	17.2%	8.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Repeat Business	%	Q2 FY 14	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	FY13	FY12
		82.2%	83.0%	78.2%	81.4%	81.7%	82.7%	90.4%

Fact Sheet (Contd...)



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Clients billed ¹	No	Q2 FY 14	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	FY13	FY12
	Prod. Eng. & Platforms	243	253	279	264	254	406	
IP Led	388	387	418	394	80	510		

¹ includes one time clients with overlap across business offerings

Revenue Concentration	%	Q2 FY 14	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	FY13	FY12
	Top 1	22.5%	21.2%	21.6%	21.1%	20.7%	20.4%	16.1%
Top 5	37.7%	36.4%	36.7%	37.3%	36.3%	34.7%	37.4%	
Top 10	47.2%	47.3%	47.9%	49.4%	47.0%	46.0%	48.6%	

Client Engagement Size	Nos.	Q2 FY 14	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	FY13	FY12
	Large > \$ 3Mn	16	15	15	14	15	15	11
Medium > \$ 1Mn, < \$ 3Mn	32	30	29	29	32	29	26	

Fact Sheet (Contd...)



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Yield ²	USD/p.p.m	Q2 FY 14	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	FY13	FY12
			3,919	3,602	3,769	3,838	3,775	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	Q2 FY 14	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	FY13	FY12	
	Onsite		14,283	14,567	14,014	12,772	12,863	13,113	12,669
	Offshore		4,109	4,111	4,143	4,032	3,978	4,014	3,803

³ Billing rates exclude IP Led Revenue

Attrition Rate	%	Q2 FY 14	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	FY13	FY12
			14.0%	14.2%	14.4%	16.0%	16.9%	14.4%

Fact Sheet (Contd...)



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People Numbers		Q2 FY 14	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	FY13	FY12
	Technical	6,982	6,689	6,540	6,287	5,956	6,540	6,223
	Sales & Business Development	128	119	99	101	99	99	95
	Rest	347	336	331	331	315	331	310
	Grand Total	7,457	7,144	6,970	6,719	6,370	6,970	6,628

DSO	Days	Q2 FY 14	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	FY13	FY12
			62	65	65	67	64	65

Fact Sheet (Contd...)



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Efforts Mix- Linear	Nos.	Q2 FY 14	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	FY13	FY12
	Billable Person Months	15,258	15,161	14,212	13,570	13,655	55,541	57,447
	- Onsite	1,106	1,081	967	915	906	3,718	3,527
	- Offshore	14,152	14,080	13,245	12,655	12,749	51,823	53,920
	Billed Person Months	10,933	10,607	10,303	10,487	10,274	41,176	41,219
	- Onsite	989	919	832	810	822	3,294	3,396
	- Offshore	9,944	9,688	9,471	9,677	9,452	37,882	37,823
	Linear Utilization (Blended)	71.7%	70.0%	72.5%	77.3%	75.2%	74.1%	71.8%
	Onsite Utilization %	89.4%	84.9%	86.0%	88.5%	90.7%	88.6%	96.3%
	Offshore Utilization %	70.3%	68.8%	71.5%	76.5%	74.1%	73.1%	70.1%

IP Led	Nos.	Q2 FY 14	Q1 FY 14	Q4 FY 13	Q3 FY 13	Q2 FY 13	FY13	FY12
	IP Led person Months	2,210	2,335	2,267	2,257	2,254	8,974	6,135

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