

# Persistent Systems Limited

## Analyst Conference Call

Q3 FY11

January 20, 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 Q3 FY11



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# Financial Highlights\* : Q3 FY11



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## Quarter ended December 31, 2010

- Revenues : US\$ 43.21 Million as against US\$ 33.96 Million Y-o-Y and US\$ 40.51 Million Q-o-Q representing a Y-o-Y increase of 27.2 %, and Q-o-Q growth of 6.7 %.
- Revenues : ₹1,949.32 Million as against ₹1,583.55 Million Y-o-Y and ₹1,869.99 Million Q-o-Q representing a Y-o-Y increase of 23.1 %, and Q-o-Q growth of 4.2 %.
- EBIDTA : ₹427.75 Million as against ₹372.64 Million Y-o-Y and ₹430.34 Million Q-o-Q.
- PAT : ₹362.43 Million, indicating a Y-o-Y increase of 17.3% and a Q-o-Q growth of 1.1%.

## Nine months ended December 31, 2010

- Revenues : US\$ 123.21 Million, representing a Y-o-Y increase of 36.9%
- Revenues : ₹5,630.20 Million, representing a Y-o-Y increase of 31.1%
- EBIDTA : ₹1,202.19 Million as against ₹1,080.41 Million Y-o-Y.
- PAT: ₹1,066.02 Million, indicating a Y-o-Y increase of 41.5%

\*Consolidated Figures

## Other Highlights : Q3 FY11



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Appoints Dr. Dinesh Keskar, President, Boeing India as an Independent Director

Launches SEZ unit in Pune

Declares an interim dividend of ₹ 2.00 per share and a special one-time dividend of ₹ 2.00 per share on the occasion of completion of 20 years of the Company, aggregating total interim dividend of ₹ 4.00 per share for the Financial Year 2010-11

Mid term Salary raise for employees announced effective from January 1, 2011

Exhibits at salesforce.com's Dreamforce 2010 conference on December 6, 2010, joins cloud computing industry leaders at the event.

# Awards Won: Q3 FY11



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Bloomberg UTV's 'CXO Awards 2010 - The IT Chapter', in 'India's Emerging Software Company of the Year' category.

ICSI Excellence in Corporate Governance Award 2010 – Being One of Top 5 Companies for Adopting Excellent Practices in Corporate Governance

ICAI Silver Shield awarded for Excellence in Financial Reporting for the year 2009-2010

League of American Communication Professionals (LACP) 2010 - Platinum Award in print category & Gold - Debut Award for the Annual Report 2009-10

Titanium Award at the Asset Triple A Corporate Awards 2010 for Excellence in Corporate Governance, Social Responsibility and Investor Relations.

Asia's Best Employer Brand Award 2010-11 in the Western Region for the category 'Managing Health at Workplace'.

# FINANCIAL PERFORMANCE Q3 FY11



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# Consolidated Income Statement



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₹ Mn

	Q3, FY 11	Q2, FY 11	QoQ, %	Q3, FY 10	YoY%
<b>Income from sale of software products and services</b>	<b>1,949.32</b>	<b>1,869.99</b>	<b>4.2%</b>	<b>1,583.55</b>	<b>23.1%</b>
Direct Cost	1,186.22	1,080.27	9.8%	949.82	24.9%
<b>Gross Profit</b>	<b>763.10</b>	<b>789.72</b>	<b>-3.4%</b>	<b>633.73</b>	<b>20.4%</b>
S&M	139.97	170.05	-17.7%	95.00	47.3%
G&A	195.38	189.33	3.2%	166.09	17.6%
Total S, G&A	335.35	359.38	-6.7%	261.09	28.4%
<b>EBIDTA</b>	<b>427.75</b>	<b>430.34</b>	<b>-0.6%</b>	<b>372.64</b>	<b>14.8%</b>
Depreciation	106.32	100.68	5.6%	90.42	17.6%
<b>EBIT</b>	<b>321.43</b>	<b>329.66</b>	<b>-2.5%</b>	<b>282.22</b>	<b>13.9%</b>
Other Income	38.28	41.14	-7.0%	37.31	2.6%
Foreign Exchange Gain / (Loss)	35.19	18.24	92.9%	16.52	113.0%
<b>Profit before Tax</b>	<b>394.90</b>	<b>389.04</b>	<b>1.5%</b>	<b>336.05</b>	<b>17.5%</b>
Tax	32.47	30.73	5.7%	27.14	19.6%
<b>Profit after Tax</b>	<b>362.43</b>	<b>358.31</b>	<b>1.1%</b>	<b>308.91</b>	<b>17.3%</b>

# Key Financials Ratios: Q3 FY11



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Ratios, %	Q3, FY 11	Q2, FY 11	QoQ, %	Q3, FY 10	YoY%
Gross Margin	39.1%	42.2%	-3.1%	40.0%	-0.9%
S&M to Revenue	7.2%	9.1%	-1.9%	6.0%	1.2%
G&A to Revenue	10.0%	10.1%	-0.1%	10.5%	-0.5%
Total S, G&A to Revenue	17.2%	19.2%	-2.0%	16.5%	0.7%
EBIDTA Margin	21.9%	23.0%	-1.1%	23.5%	-1.6%
EBIT Margin	16.5%	17.6%	-1.1%	17.8%	-1.3%
Profit before Tax	20.3%	20.8%	-0.5%	21.2%	-1.0%
Profit after Tax	18.6%	19.2%	-0.6%	19.5%	-0.9%
EPS - Basic, Before Prior Period, INR	9.59	9.51		9.67	
EPS - Diluted, Before Prior Period, INR	9.06	8.96		8.61	

# Key Financials Ratios: YTD Q311 vs. YTD Q310



Ratios, %	YTD Q3 11	YTD Q3 10	Change %
Gross Margin	39.8%	44.8%	-5.0%
S&M to Revenue	8.0%	7.7%	0.3%
G&A to Revenue	10.4%	11.9%	-1.5%
Total S, G&A to Revenue	18.4%	19.7%	-1.2%
EBIDTA Margin	21.4%	25.2%	-3.8%
EBIT Margin	15.9%	19.4%	-3.5%
Profit before Tax	20.5%	19.2%	1.3%
Profit after Tax	18.9%	17.5%	1.4%
EPS - Basic, Before Prior Period, INR	28.26	23.58	
EPS - Diluted, Before Prior Period, INR	26.61	21.01	

# Consolidated Balance Sheet



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₹ Mn

	As at December 31, 2010	As at September 30, 2010	As at December 31, 2009
<b>Sources of Funds</b>			
Equity Share Capital	400.00	400.00	358.61
Stock option outstanding	36.38	36.81	32.23
Reserves	6,688.85	6,507.45	4,290.22
Hedge Reserve	54.90	58.50	83.07
Deferred Payment Liabilities	35.97	41.87	51.59
<b>Total sources of Funds</b>	<b>7,216.10</b>	<b>7,044.63</b>	<b>4,815.72</b>
<b>Application of Funds</b>			
Fixed Assets	2,513.14	2,384.05	2,342.52
Deferred Tax Assets	13.67	11.65	5.79
Investments	3,282.81	3,048.98	1,199.99
Net current assets	1,271.54	1,295.65	952.42
Cash and Cash Equivalents	134.94	304.30	315.00
<b>Total uses of Funds</b>	<b>7,216.10</b>	<b>7,044.63</b>	<b>4,815.72</b>

# FACT SHEET Q3 FY11



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# Fact Sheet



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		Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	Q3 FY 10	FY 10	FY 09
Revenue	Total Revenue, US \$ Mn	43.21	40.51	39.49	37.33	33.96	127.30	127.92
	%, q-o-q/ y-o-y growth	6.7%	2.6%	5.8%	9.9%	18.2%	-0.5%	20.9%
	Revenue from Operations, INR Mn	1,949.32	1,869.98	1,810.89	1,717.44	1,583.52	6,011.56	5,938.31
	%, q-o-q	4.2%	3.3%	5.4%	8.5%	13.9%	1.2%	39.8%

	%	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	Q3 FY 10	FY 10	FY 09
Segments	Telecom	23.0%	20.0%	18.5%	20.3%	23.0%	22.8%	20.9%
	Infrastructure and Systems	65.4%	69.4%	71.7%	69.7%	66.5%	66.0%	66.7%
	Life Sciences	11.6%	10.6%	9.7%	10.0%	10.5%	11.1%	12.4%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

# Fact Sheet (Contd...)



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Geography	%	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	Q3 FY 10	FY 10	FY 09
	North Americas	85.4%	85.5%	85.1%	87.0%	82.0%	84.8%	87.3%
	Europe	5.3%	6.0%	6.5%	6.4%	8.2%	8.2%	8.6%
	Asia-Pacific	9.3%	8.5%	8.4%	6.6%	9.8%	7.0%	4.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Onsite: Offshore Mix	%	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	Q3 FY 10	FY 10	FY 09
	Onsite	22.2%	20.2%	19.3%	18.2%	11.6%	12.7%	14.2%
	Offshore	77.8%	79.8%	80.7%	81.8%	88.4%	87.3%	85.8%
	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 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	Q3 FY 10	FY 10	FY 09
	T&E	78.6%	81.1%	81.3%	80.6%	74.3%	77.3%	80.5%
	FPP	13.9%	10.7%	9.8%	11.7%	16.9%	15.5%	14.3%
	IP driven	7.5%	8.1%	8.9%	7.8%	8.9%	7.2%	5.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Repeat Business	%	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	Q3 FY 10	FY 10	FY 09
		92.7%	94.6%	98.8%	88.6%	87.8%	91.3%	90.3%

Clients Billed	No	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	Q3 FY 10	FY 10	FY 09
		207	201	196	195	195	293	297

# Fact Sheet (Contd...)



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Client Engagement Size	Nos.	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	Q3 FY 10	FY 10	FY 09
	Large > \$ 3Mn	9	9	9	8	8	6	7
	Medium > \$ 1Mn, < \$ 3Mn	29	21	22	23	19	16	19
	Small Upto \$ 1 Mn	169	171	165	164	168	271	271
	Total	207	201	196	195	195	293	297

DSO	Days	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	Q3 FY 10	FY 10	FY 09
			67	60	61	67	64	67

Billing Rates	USD/p.p.m	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	Q3 FY 10	FY 10	FY 09
	Onsite	13,101	12,516	12,470	12,564	12,052	12,379	13,054
	Offshore	3,670	3,595	3,608	3,546	3,616	3,553	3,625

# Fact Sheet (Contd...)



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Yield	USD/p.p.m	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	Q3 FY 10	FY 10	FY 09
			3,219	3,108	3,263	3,190	3,080	2,937

Revenue Concentration	%	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	Q3 FY 10	FY 10	FY 09
	Top 1	14.4%	16.3%	13.6%	14.7%	10.1%	11.0%	9.3%
	Top 5	36.8%	38.0%	38.2%	41.5%	33.7%	33.3%	26.4%
	Top 10	48.0%	49.0%	49.2%	51.7%	46.0%	43.8%	37.4%

People Numbers		Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	Q3 FY 10	FY 10	FY 09
	Technical	5,070	4,907	4,554	4,321	4,190	4,321	3,900
	Sales & Business Development	94	87	79	71	67	71	64
	Rest	296	287	278	270	261	270	245
	Grand Total	5,460	5,281	4,911	4,662	4,518	4,662	4,209

# Fact Sheet (Contd...)



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Investment in IP Led work	%	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	Q3 FY 10	FY 10	FY 09
	Technical time spent		4.1%	4.4%	4.3%	4.3%	4.8%	4.9%

Utilization	%	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	Q3 FY 10	FY 10	FY 09
			73.2%	72.9%	76.8%	76.5%	72.6%	72.6%

Attrition Rate	%	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	Q3 FY 10	FY 10	FY 09
			21.9%	18.6%	16.3%	13.7%	10.8%	13.7%

THANK YOU

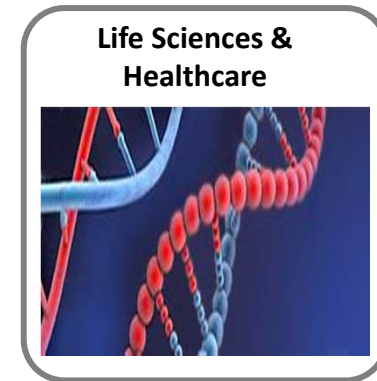


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# Depth in focused areas and continuous investment in new technology areas



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)

**Hinjewadi, Pune**



Under construction (artist impression)

**Nagpur**



Under construction (artist impression)