

Persistent Systems Limited

Analyst Conference Call

Q1 FY11

July 21, 2010



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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.

HIGHLIGHTS Q1 FY11



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Highlights : Q1 FY11



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Company celebrated its 20th anniversary on the May 30th, 2010 and announced the unveiling of a refreshed corporate logo as a part of its 20th anniversary celebration

Appoints Ranga Puranik as EVP, New Initiatives Business and Portfolio

Persistent Nagpur team strength crosses 500 employee mark

Number of employees as on June 30, 2010 were 4,911 as compared to 4,662 on March 31, 2010

Persistent gets included in BSE – 500 and BSE mid-cap index

20th Year of Persistent

Established ... May 30, 1990

Evolution of the Persistent Logo



The First Decade
1990 – 2000



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The Second Decade
2000 – 2010



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The Third Decade
2010 – 2020

Final Dividend



Members at the AGM held on July 20, 2010 approved final dividend of Re. 0.50 per share.

**Dividend Payout *: ~10% of Consolidated Net Profit for FY10
as against 6.2% for FY09**

Particulars	Dividend per share	Dividend Outflow (Rs. Mn)	Corporate Tax on Dividend (Rs. Mn)	Total Outflow (Rs. Mn)
1 st Interim Dividend	Re. 0.50	17.93	3.05	20.98
2 nd Interim Dividend	Rs. 1.50	60.00	10.20	70.20
Final Dividend	Re. 0.50	20.00	3.40	23.40
Total	Rs. 2.50	97.93	16.65	114.58

* Dividend Payout = Consolidated Net Profit / Total Outflow on account of Dividend X 100

FINANCIAL PERFORMANCE Q1 FY11



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Consolidated Income Statement



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₹ Mn

	Q1, FY 11	Q4, FY 10	QoQ, %	Q1, FY 10	YoY%
Income from sale of software products and services	1,810.89	1,717.44	5.4%	1,320.43	37.1%
Direct Cost	1,123.31	1,001.98	12.1%	693.39	62.0%
Gross Profit	687.58	715.46	-3.9%	627.04	9.7%
S&M	143.16	131.16	9.1%	126.71	13.0%
G&A	200.33	201.18	-0.4%	178.32	12.3%
Total S, G&A	343.49	332.34	3.4%	305.03	12.6%
EBIDTA	344.09	383.12	-10.2%	322.01	6.9%
Depreciation	97.56	87.87	11.0%	76.26	27.9%
EBIT	246.53	295.25	-16.5%	245.75	0.3%
Other Income	33.37	15.11	120.8%	17.71	88.4%
Foreign Exchange Gain / (Loss)	91.21	106.57	-14.4%	(77.01)	-218.4%
Profit before Tax	371.11	416.93	-11.0%	186.45	99.0%
Tax	25.83	20.14	28.3%	11.18	131.0%
Profit after Tax	345.28	396.79	-13.0%	175.27	97.0%

Key Financials : Q1 FY11



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₹ Mn

	Q1, FY 11	Q4, FY 10	Q1, FY 10
Income from sale of software products and services	1,810.89	1,717.44	1,320.43
% Growth QoQ	5.4%		
% Growth YoY	37.1%		
Profit before Tax	371.12	416.93	186.45
% Growth QoQ	-11.0%		
% Growth YoY	99.0%		
Profit after Tax	345.28	396.79	175.27
% Growth QoQ	-13.0%		
% Growth YoY	97.0%		

Key Financials Ratios



Ratios, %	Q1, FY 11	Q4, FY 10	QoQ, %	Q1, FY 10	YoY%
Gross Margin	38.0%	41.7%	-3.7%	47.5%	-9.5%
S&M to Revenue	7.9%	7.6%	0.3%	9.6%	-1.7%
G&A to Revenue	11.1%	11.7%	-0.7%	13.5%	-2.4%
Total S, G&A to Revenue	19.0%	19.4%	-0.4%	23.1%	-4.1%
EBIDTA Margin	19.0%	22.3%	-3.3%	24.4%	-5.4%
EBIT Margin	13.6%	17.2%	-3.6%	18.6%	-5.0%
Profit before Tax	20.5%	24.3%	-3.8%	14.1%	6.4%
Profit after Tax	19.1%	23.1%	-4.0%	13.3%	5.8%
EPS - Basic, Before Prior Period, INR	9.16	11.13		5.49	
EPS - Diluted, Before Prior Period, INR	8.59	10.18		4.89	

Consolidated Balance Sheet



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₹ Mn

	As at June 30, 2010	As at March 31, 2010	As at June 30, 2009
Sources of Funds			
Equity Share Capital	400.00	400.00	358.61
Stock option outstanding	35.71	32.02	22.83
Reserves	6,150.23	5,798.05	3,735.20
Hedge Reserve	9.43	159.85	3.41
Deferred Payment Liabilities	45.11	45.11	-
Total sources of Funds	6,640.48	6,435.03	4,120.05
Application of Funds			
Fixed Assets	2,388.38	2,318.39	2,208.14
Deferred Tax Assets	6.85	6.82	26.20
Investments	2,846.03	1,561.73	819.84
Net current assets	1,168.46	630.37	940.59
Cash and Cash Equivalents	230.76	1,917.72	125.28
Total Application of Funds	6,640.48	6,435.03	4,120.05

FACT SHEET Q1 FY11



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Fact Sheet



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		Q1 FY 11	Q4 FY 10	Q3 FY 10	Q2 FY 10	Q1 FY 10	FY 10	FY 09
Revenue	Total Revenue, US \$ Mn	39.49	37.33	33.96	28.73	27.28	127.30	127.92
	%, q-o-q/ y-o-y growth	5.8%	9.9%	18.2%	5.3%	-7.9%	-0.5%	20.9%
	Revenue from Operations, INR Mn	1,810.89	1,717.44	1,583.52	1,390.17	1,320.44	6,011.56	5,938.31
	%, q-o-q	5.4%	8.5%	13.9%	5.3%	-11.4%	1.2%	39.8%

	%	Q1 FY 11	Q4 FY 10	Q3 FY 10	Q2 FY 10	Q1 FY 10	FY 10	FY 09
Segments	Telecom	18.5%	20.3%	23.0%	24.9%	24.0%	22.8%	20.9%
	Infrastructure and Systems	71.7%	69.7%	66.5%	63.9%	62.7%	66.0%	66.7%
	Life Sciences	9.7%	10.0%	10.5%	11.2%	13.3%	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	%	Q1 FY 11	Q4 FY 10	Q3 FY 10	Q2 FY 10	Q1 FY 10	FY 10	FY 09
	North Americas	85.1%	87.0%	82.0%	85.1%	84.9%	84.8%	87.3%
	Europe	6.5%	6.4%	8.2%	8.5%	10.4%	8.2%	8.6%
	Asia-Pacific	8.4%	6.6%	9.8%	6.3%	4.7%	7.0%	4.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Onsite: Offshore Mix	%	Q1 FY 11	Q4 FY 10	Q3 FY 10	Q2 FY 10	Q1 FY 10	FY 10	FY 09
	Onsite	19.3%	18.2%	11.6%	10.5%	8.7%	12.7%	14.2%
	Offshore	80.7%	81.8%	88.4%	89.5%	91.3%	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	%	Q1 FY 11	Q4 FY 10	Q3 FY 10	Q2 FY 10	Q1 FY 10	FY 10	FY 09
	T&E	81.3%	80.6%	74.3%	77.4%	76.4%	77.3%	80.5%
	FPP	9.8%	11.7%	16.9%	16.9%	17.5%	15.5%	14.3%
	IP driven	8.9%	7.8%	8.9%	5.7%	6.1%	7.2%	5.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Repeat Business	%	Q1 FY 11	Q4 FY 10	Q3 FY 10	Q2 FY 10	Q1 FY 10	FY 10	FY 09
		98.8%	88.6%	87.8%	93.0%	97.5%	91.3%	90.3%

Clients Billed	Nos.	Q1 FY 11	Q4 FY 10	Q3 FY 10	Q2 FY 10	Q1 FY 10	FY 10	FY 09
			196	195	195	196	210	293

Fact Sheet (Contd...)



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Client Engagement Size	Nos.	Q1 FY 11	Q4 FY 10	Q3 FY 10	Q2 FY 10	Q1 FY 10	FY 10	FY 09
	Large > \$ 3Mn	9	8	8	7	7	6	7
	Medium > \$ 1Mn, < \$ 3Mn	22	23	19	15	18	16	19
	Small Upto \$ 1 Mn	165	164	168	174	185	271	271
	Total	196	195	195	196	210	293	297

DSO	Days	Q1 FY 11	Q4 FY 10	Q3 FY 10	Q2 FY 10	Q1 FY 10	FY 10	FY 09
			61	67	64	59	66	67

Billing Rates	USD/p.p.m	Q1 FY 11	Q4 FY 10	Q3 FY 10	Q2 FY 10	Q1 FY 10	FY 10	FY 09
	Onsite	12,470	12,564	12,052	12,379	12,408	12,379	13,054
	Offshore	3,608	3,546	3,616	3,548	3,497	3,553	3,625

Fact Sheet (Contd...)



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Yield	USD/p.p.m	Q1 FY 11	Q4 FY 10	Q3 FY 10	Q2 FY 10	Q1 FY 10	FY 10	FY 09
			3,263	3,190	3,080	2,801	2,631	2,937

Revenue Concentration	%.	Q1 FY 11	Q4 FY 10	Q3 FY 10	Q2 FY 10	Q1 FY 10	FY 10	FY 09
	Top 1	13.6%	14.7%	10.1%	10.5%	9.3%	11.0%	9.3%
	Top 5	38.2%	41.5%	33.7%	30.0%	28.3%	33.3%	26.4%
	Top 10	49.2%	51.7%	46.0%	42.5%	40.5%	43.8%	37.4%

People Numbers	Nos.	Q1 FY 11	Q4 FY 10	Q3 FY 10	Q2 FY 10	Q1 FY 10	FY 10	FY 09
	Technical	4,554	4,321	4,190	3,977	3,757	4,321	3,900
	Sales & Business Development	79	71	67	70	68	71	64
	Rest	278	270	261	258	256	270	245
	Grand Total	4,911	4,662	4,518	4,305	4,081	4,662	4,209

Fact Sheet (Contd...)



Investment in IP Led work	%	Q1 FY 11	Q4 FY 10	Q3 FY 10	Q2 FY 10	Q1 FY 10	FY 10	FY 09
	Technical time spent		4.3%	4.3%	4.8%	4.8%	4.7%	4.9%

Utilization	%	Q1 FY 11	Q4 FY 10	Q3 FY 10	Q2 FY 10	Q1 FY 10	FY 10	FY 09
			76.8%	76.5%	72.6%	72.0%	68.9%	72.6%

Attrition Rate	%	Q1 FY 11	Q4 FY 10	Q3 FY 10	Q2 FY 10	Q1 FY 10	FY 10	FY 09
			16.3%	13.7%	10.8%	10.5%	12.4%	13.7%

THANK YOU



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Depth in focused areas and continuous investment in new technology areas



Existing focus areas

Telecom and Wireless

Infrastructure and Systems

Life Sciences & Healthcare

New technology focus areas

Enterprise Mobility

Cloud Computing

Analytics

Enterprise Collaboration

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)