

# Persistent Systems Limited

## Analyst Conference Call

Q4 FY11 & FY11

April 18, 2011



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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



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# Financial Highlights\* : Q4 FY11 & FY11



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## Quarter ended March 31, 2011

- Revenue : ₹2,128.21 Million, representing a Y-o-Y growth of 23.9%, and a Q-o-Q growth of 9.2%
- Revenue : \$ 47.02 Million, representing a Y-o-Y increase of 25.9%, and Q-o-Q growth of 8.8%
- EBIDTA: ₹380.87 Million as against ₹383.24 Million Y-o-Y and ₹427.75 Million Q-o-Q
- PAT: ₹331.35 Million as against ₹396.77 Million Y-o-Y and ₹362.43 Million Q-o-Q

## Year ended March 31, 2011

- Revenue: ₹7,758.41 Million, indicating Y-o-Y growth of 29.1%
- Revenue : \$ 170.24 Million, indicating Y-o-Y growth of 33.7%
- EBITDA: ₹1,583.06 Million for FY 2010-11 as against ₹1,463.65 Million in the previous year 2009-10
- Profit After Tax (PAT) : ₹1,397.37 Million indicating Y-o-Y increase of 21.5%

\*Consolidated Figures

# Significant Highlights: Board Meeting April 18, 2011



Recommended final dividend of Rs. 1.50 per share for Financial Year 2010-11. Including the first interim dividend of Rs. 2 per share and one time special dividend of Rs. 2 per share on the occasion of completion of twenty years of the company, total dividend recommended for the year is Rs. 5.50 per share

Approved merging of Persistent eBusiness Solutions Limited and Persistent Systems and Solutions Limited, both wholly owned subsidiaries, with Persistent Systems Limited, subject to shareholders and regulatory approvals

# Other Highlights : Q4 FY11



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Company enters into a joint venture with Sprint Nextel

Acquires the OPD business of Infospectrum, Inc. and its subsidiary - Infospectrum India Private Limited

1M/1M initiative announces partnership with Persistent Systems to connect entrepreneurs to customers

Ranked Fifth in PwC Global Software 100 Leaders 2011 List (India Region)

Wins the Asia's Best Employer Brand Award 2010-11 in the western region for India in the category Managing Health at Workplace

# Other Highlights : Q4 FY11



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Awarded the 'CFO100 Roll of Honor' by CFO India magazine, category - Winning Edge' in Raising Capital / Capital Restructuring

Recognized as R&D centre by Department of Scientific and Industrial Research (DSIR)

All facilities of Persistent Systems Limited in Pune, Nagpur, Goa and Hyderabad certified by ISO 27001:2005 – Information Security Management Systems

Active customers were 302 as on March 31, 2011 as compared to 293 on March 31, 2010

Number of employees as on March 31, 2011 was 6,360 as compared to 4,662 on March 31, 2010

# FINANCIAL PERFORMANCE



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# Sequential Q-o-Q Q4 FY11 Vs Q3 FY11



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Particulars	Mn			\$ Million			Exps / Sales %	
	Q4 FY 11	Q3 FY 11	Change	Q4 FY 11	Q3 FY 11	Change	Q4 FY 11	Q3 FY 11
<b>Income</b>	-							
Software Sales & Services	2,107.39	1,927.22	9.3%	46.56	42.72	9.0%		
Travel Billing	20.82	22.10	-5.8%	0.46	0.49	-6.1%		
Total Revenue	2,128.21	1,949.32	9.2%	47.02	43.21	8.8%		
Avg. Exchange Rate /US\$	45.26	45.11	0.3%					
<b>Expenditure</b>	-							
Employee Related Expenses	1,256.87	1,101.21	14.1%	27.77	24.41	13.8%	59.1%	56.5%
Purchase	8.30	6.44	28.9%	0.18	0.14	28.4%	0.4%	0.3%
Project related Travel Expenses	67.80	78.57	-13.7%	1.50	1.74	-14.0%	3.2%	4.0%
Total Direct costs	1,332.97	1,186.22	12.4%	29.45	26.29	12.0%	62.6%	60.9%
<b>Gross Profit</b>	<b>795.24</b>	<b>763.10</b>	<b>4.2%</b>	<b>17.57</b>	<b>16.92</b>	<b>3.9%</b>	<b>37.4%</b>	<b>39.1%</b>
Sales & Marketing Expenses	164.60	139.97	17.6%	3.64	3.10	17.2%	7.7%	7.2%
Admin. & Other Expenses	225.77	190.31	18.6%	4.99	4.22	18.2%	10.6%	9.8%
Doubtful Debt Provision	24.00	5.07	373.4%	0.53	0.11	371.8%	1.1%	0.3%
Total SGA	414.37	335.35	23.6%	9.15	7.43	23.1%	19.5%	17.2%
<b>EBIDTA</b>	<b>380.87</b>	<b>427.75</b>	<b>-11.0%</b>	<b>8.41</b>	<b>9.49</b>	<b>-11.2%</b>	<b>17.9%</b>	<b>21.9%</b>
Depreciation	119.33	106.32	12.2%	2.64	2.36	11.9%	5.6%	5.5%
<b>EBIT</b>	<b>261.54</b>	<b>321.43</b>	<b>-18.6%</b>	<b>5.78</b>	<b>7.13</b>	<b>-18.9%</b>	<b>12.3%</b>	<b>16.5%</b>
Other Income / (Loss)	86.93	73.47	18.3%	1.92	1.63	17.9%	4.1%	3.8%
EBT	348.47	394.90	-11.8%	7.70	8.76	-12.0%	16.4%	20.3%
Tax	17.12	32.47	-47.3%	0.38	0.72	-47.5%	0.8%	1.7%
<b>Net Profit After Tax</b>	<b>331.35</b>	<b>362.43</b>	<b>-8.6%</b>	<b>7.32</b>	<b>8.04</b>	<b>-8.9%</b>	<b>15.6%</b>	<b>18.6%</b>

# Y-o-Y Comparison Q4 FY11 Vs Q4 FY10



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Particulars	₹ Mn			\$ Mn			Exps / Sales %	
	Q4 FY 11	Q4 FY 10	Change	Q4 FY 11	Q4 FY 10	Change	Q4 FY 11	Q4 FY 10
<b>Income</b>								
Software Sales & Services	2,107.39	1,696.73	24.2%	46.56	36.89	26.2%		
Travel Billing	20.82	20.70	0.6%	0.46	0.45	2.2%		
Total Revenue	2,128.21	1,717.43	23.9%	47.02	37.34	25.9%		
Avg. Exchange Rate ₹/US\$	45.26	45.99	-1.6%	-				
<b>Expenditure</b>								
Employee Related Expenses	1,256.87	944.21	33.1%	27.77	20.53	35.3%	59.1%	55.0%
Purchase	8.30	11.46	-27.6%	0.18	0.25	-26.4%	0.4%	0.7%
Project related Travel Expenses	67.80	46.63	45.4%	1.50	1.01	47.8%	3.2%	2.7%
Total Direct costs	1,332.97	1,002.30	33.0%	29.45	21.79	36.7%	62.6%	58.4%
<b>Gross Profit</b>	<b>795.24</b>	<b>715.13</b>	<b>11.2%</b>	<b>17.57</b>	<b>15.80</b>	<b>11.2%</b>	<b>37.4%</b>	<b>41.6%</b>
Sales & Marketing Expenses	164.60	131.14	25.5%	3.64	2.85	27.5%	7.7%	7.6%
Admin. & Other Expenses	225.77	184.61	22.3%	4.99	4.01	24.3%	10.6%	10.7%
Doubtful Debt Provision	24.00	16.14	48.7%	0.53	0.35	51.1%	1.1%	0.9%
Total SGA	414.37	331.89	24.9%	9.15	7.21	26.9%	19.5%	19.3%
<b>EBIDTA</b>	<b>380.87</b>	<b>383.24</b>	<b>-0.6%</b>	<b>8.42</b>	<b>8.34</b>	<b>-1.9%</b>	<b>17.9%</b>	<b>22.3%</b>
Depreciation	119.33	87.88	35.8%	2.64	1.91	38.0%	5.6%	5.1%
<b>EBIT</b>	<b>261.54</b>	<b>295.36</b>	<b>-11.5%</b>	<b>5.78</b>	<b>6.43</b>	<b>-13.4%</b>	<b>12.3%</b>	<b>17.2%</b>
Other Income / (Loss)	86.93	121.50	-28.5%	1.92	2.64	-27.3%	4.1%	7.1%
EBT	348.47	416.86	-16.4%	7.70	9.07	-17.3%	16.4%	24.3%
Tax	17.12	20.09	-14.8%	0.38	0.44	-13.4%	0.8%	1.2%
<b>Net Profit After Tax</b>	<b>331.35</b>	<b>396.77</b>	<b>-16.5%</b>	<b>7.32</b>	<b>8.63</b>	<b>-17.5%</b>	<b>15.6%</b>	<b>23.1%</b>

# Y-o-Y Comparison on YTD basis



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Particulars	Mn			\$ Mn			Exps / Sales %	
	FY11	FY10	Change	FY11	FY10	Change	FY11	FY10
<b>Income</b>								
Software Sales & Services	7,657.24	5,944.03	28.8%	168.02	125.87	33.5%		
Travel Billing	101.17	67.53	49.8%	2.22	1.43	55.2%		
Total Revenue	7,758.41	6,011.56	29.1%	170.24	127.30	33.7%		
Avg. Exchange Rate /US\$	45.57	47.22	-3.5%					
<b>Expenditure</b>								
Employee Related Expenses	4,417.29	3,168.74	39.4%	96.93	67.11	44.4%	56.9%	52.7%
Purchase	36.32	78.16	-53.5%	0.80	1.66	100.0%	0.5%	1.3%
Project related Travel Expenses	269.16	125.24	114.9%	5.91	2.65	122.7%	3.5%	2.1%
Total Direct costs	4,722.77	3,372.14	40.1%	103.64	71.42	48.6%	60.9%	56.1%
<b>Gross Profit</b>	<b>3,035.64</b>	<b>2,639.42</b>	<b>15.0%</b>	<b>66.60</b>	<b>55.88</b>	<b>15.8%</b>	<b>39.1%</b>	<b>43.9%</b>
Sales & Marketing Expenses	617.79	462.61	33.5%	13.56	9.80	38.4%	8.0%	7.7%
Admin. & Other Expenses	786.91	654.39	20.3%	16.66	13.86	20.3%	10.1%	10.9%
Doubtful Debt Provision	47.88	58.77	-18.5%	1.05	1.24	-15.6%	0.6%	1.0%
Total SGA	1,452.58	1,175.77	23.5%	31.27	24.90	25.6%	18.7%	19.6%
<b>EBIDTA</b>	<b>1,583.06</b>	<b>1,463.65</b>	<b>8.2%</b>	<b>35.33</b>	<b>30.98</b>	<b>8.3%</b>	<b>20.4%</b>	<b>24.3%</b>
Depreciation	423.89	335.24	26.4%	9.30	7.10	31.0%	5.5%	5.6%
<b>EBIT</b>	<b>1,159.17</b>	<b>1,128.41</b>	<b>2.7%</b>	<b>26.03</b>	<b>23.88</b>	<b>1.9%</b>	<b>14.9%</b>	<b>18.8%</b>
Other Income / (Loss)	344.36	112.33	206.6%	7.56	2.38	217.6%	4.4%	1.9%
EBT	1,503.53	1,240.74	21.2%	33.59	26.26	20.3%	19.4%	20.6%
Tax	106.16	90.50	17.3%	2.33	1.92	21.5%	1.4%	1.5%
<b>Net Profit After Tax</b>	<b>1,397.37</b>	<b>1,150.24</b>	<b>21.5%</b>	<b>31.26</b>	<b>24.34</b>	<b>20.2%</b>	<b>18.0%</b>	<b>19.1%</b>

# Consolidated Balance Sheet



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₹ Mn

	As at March 31, 2011	As at March 31, 2010
Sources of Funds		
Equity Share Capital	400.00	400.00
Stock option outstanding	34.76	32.02
Reserves	6,957.20	5,798.05
Hedge Reserve	79.11	159.85
Deferred Payment Liabilities	30.07	45.11
<b>Total sources of Funds</b>	<b>7,501.14</b>	<b>6,435.03</b>
Application of Funds		
Fixed Assets	2,865.78	2,318.39
Deferred Tax Assets	59.85	6.82
Investments	2,500.42	1,561.73
Net current assets	1,075.15	630.37
Cash and Cash Equivalents	999.94	1,917.72
<b>Total uses of Funds</b>	<b>7,501.14</b>	<b>6,435.03</b>

# Key Financials Ratios: Q4 FY11



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Ratios, %	Q4, FY 11	Q3, FY 11	QoQ, %	Q4, FY 10	YoY%
Gross Margin	37.4%	39.1%	-1.8%	41.6%	-4.3%
S&M to Revenue	7.7%	7.2%	0.6%	7.6%	0.1%
G&A to Revenue	11.7%	10.0%	1.7%	11.7%	0.0%
Total S, G&A to Revenue	19.5%	17.2%	2.3%	19.3%	0.1%
EBIDTA Margin	17.9%	21.9%	-4.0%	22.3%	-4.4%
EBIT Margin	12.3%	16.5%	-4.2%	17.2%	-4.9%
Profit before Tax	16.4%	20.3%	-3.9%	24.3%	-7.9%
Profit after Tax	15.6%	18.6%	-3.0%	23.1%	-7.5%
EPS - Basic, Before Prior Period, INR	8.74	9.59		12.06	
EPS - Diluted, Before Prior Period, INR	8.28	9.06		11.04	

# Key Financials Ratios: FY11



Ratios, %	FY 11	FY 10	YoY, %
Gross Margin	39.1%	43.9%	-4.8%
S&M to Revenue	8.0%	7.7%	0.3%
G&A to Revenue	10.7%	11.9%	-1.2%
Total S, G&A to Revenue	18.7%	19.6%	-0.9%
EBIDTA Margin	20.4%	24.3%	-3.9%
EBIT Margin	14.9%	18.8%	-3.9%
Profit before Tax	19.4%	20.6%	-1.2%
Profit after Tax	18.0%	19.1%	-1.1%
EPS - Basic, Before Prior Period, INR	37.00	35.74	
EPS - Diluted, Before Prior Period, INR	34.89	32.06	

# FACT SHEET



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Revenue		Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	FY 11	FY 10
	Total Revenue, US \$ Mn	47.02	43.21	40.51	39.49	37.33	170.24	127.30
	%, q-o-q/ y-o-y growth	8.8%	6.7%	2.6%	5.8%	9.9%	33.7%	-0.5%
	Revenue from Operations, INR Mn	2,128.21	1,949.32	1,869.99	1,810.89	1,717.44	7,758.41	6,011.56
	%, q-o-q	9.2%	4.2%	3.3%	5.4%	8.5%	29.1%	1.2%

Segments	%	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	FY 11	FY 10
	Telecom	20.5%	23.0%	20.0%	18.5%	20.3%	20.6%	22.8%
	Infrastructure and Systems	68.3%	65.4%	69.4%	71.7%	69.7%	68.6%	66.0%
	Life Sciences	11.2%	11.6%	10.6%	9.8%	10.0%	10.8%	11.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



Geography	%	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	FY 11	FY 10
	North Americas	86.3%	85.4%	85.5%	85.1%	87.0%	85.6%	84.8%
	Europe	5.8%	5.3%	6.0%	6.5%	6.4%	5.9%	8.2%
	Asia-Pacific	7.9%	9.3%	8.5%	8.4%	6.6%	8.5%	7.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Onsite: Offshore Mix	%	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	FY 11	FY 10
	Onsite	22.3%	22.2%	20.2%	19.3%	18.2%	21.1%	12.7%
	Offshore	77.7%	77.8%	79.8%	80.7%	81.8%	78.9%	87.3%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



Revenue Mix	%	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	FY 11	FY 10
	T&E	74.2%	78.6%	81.1%	81.3%	80.6%	78.6%	77.3%
	FPP	15.5%	13.9%	10.7%	9.8%	11.7%	12.6%	15.5%
	IP driven	10.3%	7.5%	8.2%	8.9%	7.7%	8.8%	7.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Repeat Business	%	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	FY 11	FY 10
		89.4%	92.7%	94.6%	98.8%	88.6%	93.7%	91.3%

Clients Billed	No	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	FY 11	FY 10
		229	207	201	196	195	302	293



Client Engagement Size	Nos.	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	FY 11	FY 10
	Large > \$ 3Mn	9	9	9	9	8	9	6
	Medium > \$ 1Mn, < \$ 3Mn	26	29	21	22	23	22	16
	Small Upto \$ 1 Mn	194	169	171	165	164	271	271
	Total	229	207	201	196	195	302	293

DSO	Days	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	FY 11	FY 10
			62	67	60	61	67	62

Billing Rates	USD/p.p.m	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	FY 11	FY 10
	Onsite	12,766	13,101	12,516	12,470	12,564	12,728	12,379
	Offshore	3,709	3,670	3,595	3,608	3,546	3,647	3,553



Yield	USD/p.p.m	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	FY 11	FY 10
			3,238	3,219	3,108	3,263	3,190	3,207

Revenue Concentration	%	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	FY 11	FY 10
	Top 1	17.0%	14.4%	16.3%	13.6%	14.7%	15.4%	11.0%
	Top 5	39.0%	36.8%	37.9%	38.2%	41.5%	38.4%	33.3%
	Top 10	51.2%	48.0%	49.5%	49.2%	51.7%	49.7%	43.8%

People Numbers		Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	FY 11	FY 10
	Technical	5,950	5,070	4,907	4,554	4,321	5,950	4,321
	Sales & Business Development	108	94	87	79	71	108	71
	Rest	302	296	287	278	270	302	270
	Grand Total	6,360	5,460	5,281	4,911	4,662	6,360	4,662

# Fact Sheet (Contd...)



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Investment in IP Led work	%	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	FY 11	FY 10
	Technical time spent		3.6%	4.1%	4.4%	4.3%	4.3%	4.1%

Utilization	%	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	FY 11	FY 10
			73.0%	73.2%	72.9%	76.8%	76.5%	73.9%

Attrition Rate	%	Q4 FY 11	Q3 FY 11	Q2 FY 11	Q1 FY 11	Q4 FY 10	FY 11	FY 10
			19.6%	21.5%	18.6%	16.3%	13.7%	19.6%

THANK YOU



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



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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)

**Hinjawadi, Pune**



Under construction (artist impression)

**Nagpur**



Under construction (artist impression)