"INVESTOR BRIEFING ON ACQUISITION OF MEDIAAGILITY"

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Moderator: Ladies and gentlemen, good day and welcome to Persistent Systems Limited conference call for discussing the acquisition of MediaAgility. We have with us today on the call Mr. Sandeep Kalra, CEO and Executive Director, Mr. Sunil Sapre, Executive Director and CFO, Mr. Rajesh Abhyankar, CEO and Co-Founder, MediaAgility, Ms. Nitha Puthran, Senior Vice President, Cloud and Infrastructure, and Mr. Saurabh Dwivedi, Head of Investor Relations. Please note, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the opening remarks. Should you need assistance during the conference call, please raise hand from the participants tab on the screen. Please note, this conference is being recorded. I now hand over the conference over to Mr. Sandeep Kalra. Thank you and over to you, sir.

Sandeep Kalra: Thank you. Good afternoon. Good morning. Good evening. You know it's exciting times for us to be with you once again to share the news about our acquisition of MediaAgility. So, for those of you who are joining us and who are not necessarily refreshed on our financials, so for our last quarter financials, we did $199.1 million for the quarter, giving us a run rate of $796.4 million for the year. The trailing 12-month revenue for us is at $701.1 million and as of the last quarter, we were 16,989 employees. Now as we look forward, we have been talking about our M&A strategy being built on three pillars either capturing high growth markets in a service line or an industry vertical or bolstering an existing capability similarly in a vertical or a service line, or expanding footprint whether in the US, Europe, India, or any new geographies.

Today what we are announcing is at the cusp of capturing high growth markets, which is basically the Cloud market, more specifically the Google Cloud market and bolstering on our existing capabilities overall on the Cloud side and the Cloud strategy that we have. As we had talked about in our earlier discussion about Data Glove, the way we have seen the market pan out, people have moved from having their own data centers to private cloud to hybrid cloud to having a hybrid multi cloud kind of an environment, and with this, it is imperative for service providers like us to have capabilities across multiple different technology providers at scale, and which include right from the Red Hat side of IBM to the cloud capabilities of IBM to Microsoft to Google, Amazon and the likes, and this is another step towards fortifying our capabilities and being a powerhouse on the same.

Now if you look at it, where did the various cloud providers start from. The various cloud providers started from an IaaS perspective or a PaaS perspective moving up the ladder into a SaaS kind of an environment. Now if you look at it, those were the horizontal services that were provided to the CIO side of the house or the CTO side of the house, depending on weather you work at enterprise or a technology company and more and more we are seeing over the last many years, the cloud providers work on platforms, which are getting more feature-rich in terms of the verticals they want to service. For example, the verticals that we service, more specifically Healthcare and Financial Services, have seen a significant amount of initiatives from all of these cloud providers. Microsoft, Google, Amazon, IBM, all have launched vertical-specific plays, whether it is Healthcare, Financial Services, and the like. So, it only beckons for us to become even sharper in our capabilities as we look forward, because the existence of providers and their being more strategic to people in these verticals is dependent on having core capabilities in this and not resting on laurels of the past.

With this, the other trend that we have also seen is there's a significant growth in all the cloud providers, whether it is Google, Amazon, AWS, IBM, and even the SaaS providers like Salesforce, and this is very apparent from their revenue growth over the last year, the percentages below are representative of their growth. Now with this, we have also been taking notice of this and capturing a significant amount of markets building on the capabilities in each one of these, so if I was to go from a SaaS platform like a Salesforce, where we have acquired companies across Europe, across India, and built capabilities on different stacks that they have been bringing to market, our business in Salesforce is significantly higher than $100 million run rate as of this point in time on an annualized basis.

Similarly, IBM is the largest customer to us and our capabilities across product engineering, the cloud side of it, whether it is their cloud for Financial Services or Hybrid Cloud, Red Hat kind of technologies or even the vertical-specific capabilities like Payments using Financial Transaction Manager and so on. We have invested in building those capabilities and IBM ecosystem is again a more than $100 million play for us. We have built our AWS capabilities over time organically and with the recent acquisition of Data Glove, we have brought our organic capabilities, inorganic capabilities to even build our scale to near $100 million in the Microsoft ecosystem from a cloud, data, AI/ML perspective.

What we are announcing today is a continuation of our investment in the Google ecosystem, both organically and with the acquisition of Sureline, which brought a significant IP on transformational capabilities in Google ecosystem. MediaAgility today that we are announcing is a Google Partner at the highest level and significantly bolsters our presence in the Google marketplace. To give you some color on MediaAgility, and you will hear more from our colleague Rajesh immediately after me, MediaAgility is a Gartner-recognized cloud transformation services provider and they compete with the who's who in the Google ecosystem. They have different kinds of expertise, which Rajesh will talk about in various parts of the Google Cloud and have been very well recognized even by Google themselves in terms of partnering for some significant transformational initiatives.

As of the last 12 months ending December 31 2021, the revenues are at $25.5 million net and when I say net revenue, it comprises of two parts - $20.59 million coming from services and roughly about $5 million coming from reselling in net terms. What that means is that is the margin that they derive from reselling. The reselling gross revenue is significantly higher than that, the reselling margins are roughly in the range of 16% to 17% at this point in time. 80% of the revenue for MediaAgility comes from long-term clients with more than three-year relationships with these customers. They have more than 35+ enterprise service clients across US, India, UK, Mexico and Singapore. There's not much overlap between our customer base and their customer base and that's another good opportunity for us to come together with the real estate of a Persistent where we have significant number of enterprise customers and the capability that MediaAgility brings to them.

Their play in different verticals as Rajesh will talk about, spans across Financial Services and Insurance, Healthcare Life Sciences, Media, Entertainment and Gaming. Roughly about 500 of our colleagues would be joining us as we close this transaction and these are spread across US, India, Mexico and London. With this, I will invite Rajesh Abhyankar, the CEO and Founder of MediaAgility to give us more details for our investors on the call today about what MediaAgility brings to the table. Rajesh, over to you.

Rajesh Abhyankar: Thanks Sandeep and this cloud, I can get passionate and stop me if I go too long. This is a set of credentials that our company has received at various levels to differentiate our single partner ecosystem. The lowest level is that of the individual certifications. Those are gained by people preparing for it, taking the exam, getting certified at the associate or a professional level. There are various of them, those black circles that you see at the bottom. We have 300+ of those, some people have multiple certifications. The next level up, those are the more difficult ones. These are the company-level specializations and these are third-party audited, so Google appoints an outside company, they come in, evaluate for each of the credentials, evaluate our real-world case studies, real work that we've done with our clients, any public case studies, any internal private case studies, some cases go right down to the code level to ensure that we have that specialization, and it's a variety of different specializations. Some are highly technical in nature like the data analytics and machine learning, some are focused on the use of these technologies to come up with newer use cases like the location-based services using Google Maps enterprise technology with analytics to solve not just the logistics, last mile and a supply chain kind of use cases, but also in analytics, almost every company has some location data in their business.

Marketing analytics is a pretty unique specialization that straddles across Google Cloud Platform and the Google Marketing Platform, which is the other business of Google with advertising and marketing technology. So, bringing in some data from there and combining that with Google’s core analytics technologies and being able to get campaign optimization, campaign performance, and that kind of analytics gear towards the CMOs office. Application development, more on the cloud native research, are we using some of the modern ways of building applications at scale, wants to become like an Uber or one of the Netflix and get both qualitative applications and that can now be done by using or having access to the similar platform. So, this specialization evaluates our ability to translate those business outcomes using some of the core technology platforms that are now available. So, these seven are our crown jewels and they have to be renewed every two years and I look at many large GSIs and their struggle to get even one or two, so all of our people are so proud, and they are all working equally hard to get these renewed every year to make sure that we refresh the skills, and we have more case studies and every third-party audit is much smoother.

You go another level up that's the highest level of the Partner Advantage Program, which Google calls their Partner Program. The Premier Tier is the highest level. Apart from that, there are certain initiatives like the Managed Services Provider initiative, there are handful of global companies that are certified, the audit for that is even harder than the specialization audit, because there we have to go deeper into multiple sessions, evaluate the level of automation that we have done, the capability across-the board-from setting up the infrastructure to all the way providing an ongoing managed services, simplification, optimization, all of those are a test there. Looker is a different analytics platform that Google acquired, and we had capabilities there. When it became part of Google, we got ourselves certified as a Consulting Partner with the Delivery Verified credential. ISO was important for us few years ago when we said everything is moving to the cloud and our clients are entrusting us with access to their environments and we need to reciprocate with an equal seriousness on our side.

So, our commitment to getting ISO 27001 and then redo it again the next year has helped us transform into a security-first culture across-the-board and in 5,000 good for our marketing, we climbed almost 1500 steps year-over-year. So those are the credentials, we made the best use of all the partner differentiation that the Partner Program and Google has provided us and we keep on renewing them. This is a very serious effort for us. There are significant amounts of teams involved in creating our lifelong learning initiative that keeps the certifications and so on. Now on the left hand side, Sandeep mentions 35+ enterprise clients and these clients again emerge with our Google Cloud capability and the verticals have been pretty organic growth for us when for example in Life Sciences, we do one particular use case, which is very relevant now in the post-pandemic days, which is ability to do genome sequencing at a much rapid rate, doing it at scale, helping the clients, I'll talk more about the case study later, but if those kind of use cases, you do it once, join, go to market, Google team knows the capability, we get a second one and the third one, so some of these verticals are emerging organically as we learn more and more of these domains and a combination of these credentials, ability to speak the domain language, and have case studies to back it up is what's helping us grow in these verticals.

Similarly in the Media, Entertainment, and Gaming there's a huge focus on understanding the audience analytics, how engaged they are, what sentiments they have, when they're experiencing a certain entertainment product, and the analytics that goes with it that is much more advanced cutting edge now than just looking at the data, but also in cases where you have access to their live performances, video feeds, facial recognitions, being able to match that with a certain point in the show to see how the audience is reacting. It's those kind of modern use cases that are now being enabled, so we are really excited about the work that we're doing there and in the BFSI, more in the Insurance segment. So, all of these use cases are emerging, and they are feeding each other; we do one, that leads to another.

Many of these 35 enterprise accounts where we have direct MSAs, that's a huge synergy there as Sandeep said, they are not much overlapped, so there is an amazing opportunity to bring other services there and also with a bigger platform, now we can be more ambitious in the kind of programs that we can now bid for. Yeah, I think we would talk about the rest. This are another of our crown jewels. A company of our size to be, you know, Gartner knocking on our door saying you guys are doing something amazing, have you done a vendor briefing. We didn't know what a vendor briefing was and so one thing led to another. This is something that we are so proud of. But you need a bit of a background on why Gartner decided to create a new Magic Quadrant for 2021 called the Public Cloud IT Transformation Services. They were doing research based on their understanding of the market, their feedback from the clients and in general where the industry is going. There is a clear trend that they noticed, which is that traditional data centre-led, hardware-led managed services providers, resellers, they were providing an infrastructure-led transformation service. And their capabilities kind of geared around that. There are other service providers who approached transformation through application and data-based programs. But what Gartner noticed was there's a need for service providers to be able to do both, as less and less reliance on traditional infrastructure, hardware, even virtual machine-level babysitting of machines, as we are moving away from it. And more and more cloud-native precepts are being accepted. It's need of the hour now for providers to be able to do both, understand the business outcomes and not just stay on the technology front, make that connection between the business outcomes to the application or the data and the relevant infrastructure, combine all of that and provide that transformation service. So that kind of put us into a very high mark on the X axis with a completeness of the vision and also validated kind of our thinking since inception that we need to provide end-to-end transformation services. We should not be at just high-level consulting and stop at that, we need to convert that strategy into reality, and then maintain what we built and be there throughout the journey and that's how the long-term relationships are built.

So that's the Gartner story, again extremely proud of our achievement at this stage of our growth. If you look at the quadrant, there are only 15 other companies in there and again I will stress this once again, these are across the world, across all clouds combined, only 15 companies and for us to be in it, we cannot underscore that enough.

Speaking of case studies, I mentioned few in the previous slide. The one that I am very passionate about because I see meaning in that case study, our team sees the meaning that this is not just software work, not just a way of earning their livelihood, when they make that connection that's where work becomes more meaningful for us, and we have centered our vision around that. So, the company here, one of the largest global biotech companies with huge R&D initiative and budget with a mission to bring the cost of genome sequencing under a $100, which requires a whole different mindset of how you go about a combination of different disciplines from semi-conductor to chemistry of it to the compute of it, all coming together in producing that amazing solution and making sequencing almost as routine as doing blood work. So, we were fascinated by that vision, and we have been with this program now for 5+ years, started with large amount of experiments being conducted, huge compute, large storage took more than 24 hours for the scientists to do the experiment, wait for it, very low productivity, how fast they can move with their research and get to a product that can be brought to real practical use.

We brought down their cost of experiment by 60%. This is one of those, this continues to be our ongoing engagement, we have now gone into more machine learning use cases and continue to support them as they productize that research. There are just as those I will not go into details of the other two, but the one in the Banking is another use case that you see in traditional banks, lot of heterogeneous technologies. You cannot boil the ocean and try to modernize everything. But you still need to keep up with WhatsApp-based banking and other use cases that people are now come to expect. So, there's another way to do it, and that's our partnership with Apigee, which is also now part of the Google technology ecosystem, using that as another way to modernize while leaving all the backend untouched and opening that in a secure way.

Entertainment as I said, this is a field that is just transforming like crazy, the lines between industries, telecoms and all of these others are blurring, and we are excited to be right there. Our roots have been in Media and Entertainment, that's where our name comes from but then we pivoted to Google Cloud as a primary focus, but there are so many Gaming and Entertainment use cases, we are working with small and large gaming companies in the US.

So over to you, Sandeep.

Sandeep Kalra: Sure, thanks, Rajesh.

So, as you can see, Rajesh talked about Google expertise, I am pretty confident with the deep Google expertise we are inheriting and the passionate technology/business experts that we are inheriting, it is going to be a very good forward-looking journey from our strategic rationale perspective. So just to reinforce, we are looking at this as reinforcing the Google partnership that we have, bringing together the competencies of the two companies. Even today, Persistent has a good footprint in Google from a product development perspective, and a certain footprint from a go-to-market perspective. This brings it together in a more meaningful way for our offerings. It bolsters our offerings and use cases in BFSI, Healthcare Life Sciences and emerging verticals like Media, Entertainment Gaming. It also gives us the client footprint as I mentioned before, and Rajesh also alluded to. When we did the diligence, we figured out there is not much overlap and hence there is good real estate to take the capabilities from MediaAgility perspective into Persistent customers and vice versa, Persistent capabilities from non-Google Cloud perspective into the existing footprint that MediaAgility brings, not to forget the significant talent that we get with this combination and across different geographies.

So, if you look at our aspiration, we have existing capabilities that we had before our acquisitions of Data Glove, Sureline and MediaAgility and you saw Rajesh talk about how MediaAgility is itself positioned in the Niche Player segment. And if we combine all of this, here is where we are headed with our capabilities put together and our forward-looking journey, so we want to be among the leaders, with all the capabilities we are nearly there, but we will make sure that we keep our capabilities current, we build on it and we even further enhance our capabilities to be among the leaders in the cloud play, whether it is applications, whether it is data, whether it is vertical-specific capabilities, that's where we are headed as an organization.

So, this is the team that is joining us from MediaAgility at the senior level along with 500+ colleagues that will be joining us. Rajesh you have seen, he is himself a technologist, pretty strong at techno-commercial side of it based out of here, Princeton, New Jersey. Swarraj comes from a good pedigree of large GSIs like a Cognizant of this world, and he is Chief Technology Officer, he is also based here in the US in New Jersey. Along with them the team between Nirdesh, Asheesh and Ashok are based in India. Ashok is himself a long-term Microsoft, Google veteran with Nirdesh and Asheesh being long-term MediaAgilites and that's where the combination of all this. We are very hopeful this will be a very powerful combination for us going ahead.

And it is a very heartening exercise when you go to Google and tell Google that you are combining the two companies, and we get a very solid verification, validation of our entire intent from no else than the CEO of Google Cloud, Thomas Kurien. And we have had relationships with Google in the past and with this, even Google is looking at us both with a very different lens, and hopefully all this comes to good use as we go ahead.

We, as we talked before when we talked about the Data Glove acquisition, we have worked with people like Zinnov to analyse the market trends to take the validation of our strategy before embarking on these acquisitions and we continue to work with them to validate the strategy going forward as we bring these companies and its capabilities and scale with time.

With this, I will hand over to our CFO, Sunil Sapre. Sunil, please go ahead and give the details on the transaction.

Sunil Sapre: Yeah, hi. Thanks, Sandeep. After all the exciting things we heard from Rajesh and Sandeep, I have to take you through, what we, fly the cloud but be on the ground kind of a here and now situation that you want to know. So, what we are seeing the total purchase consideration for this transaction is $71.7 million and about $53 million is the amount payable upfront, and balance about $18.5 million is in earnout/retention over a period of two years. So that's the construct of the deal and in terms of financing of the amount, we plan to have a debt of about $25 million for this transaction. Now in terms of the transaction multiple, the last 12-month revenues have been $25.5 million, so the purchase consideration implies an EV/Revenue multiple of 2.8x. So far as MediaAgility is concerned, given their geography mix of the headcount and the revenue and cost profile, the gross margin and EBITDA margin are actually accretive and so that will be a positive for us. However, for the amortization of intangibles, we see an impact of about 45 to 50 basis points in the first year. And then, as the revenue will scale, this will moderate downwards. So overall, we are working very closely now for the next few weeks for closing of the transaction and taking it.

Sandeep, you can take over.

Sandeep Kalra: Yeah, with this we had said that we are announcing the Google Business Unit. I will have my colleague, Nitha, talk about it. Nitha, over to you.

Nitha Puthran: Thank you, Sandeep, I hope I am audible.

You know, our cloud strategy is tightly coupled with our customers' transformation journey and in order to make the requirements of the market, as Sandeep mentioned, we are launching a focused Google Business Unit. The mission of this business unit will be threefold, again in line with our strategy. Firstly, to build competency and capability, you see on the top here and you heard from Rajesh's commentary about being a Google Cloud Premier Partner this in combination with the work that Persistent has already done in the past, gives us a solid capability that we can take to market. You see the number of partner specializations and expertise, which are the highest levels of endorsements and validation, we will continue to build on this as we go to the market, as we take our solutions to the market. That was the first one.

Second one, we spoke enough about expertise and specialization, more importantly as Sandeep mentioned in his commentary, we will also be focusing on taking vertical-specific solutions, industry-specific solutions to our customers.

Last but not the least, at the bottom of the slide here, you see about our rigor to focus on the 360-degree partnership, the Sell-To, Sell-Through and Sell-With, in doing this we will leverage all our acquisitions, all our IPs, assets and accelerators that we have done this far.

A sneak preview to the ambition matrix that you see up here. We obviously spoke enough about Persistent's core expertise as far as enterprise IT modernization is concerned. But as we do this, as we combine forces, we are going to leverage on some of the events or work that we have done this far in the past few quarters, be it doubling down on the Sureline IP or leveraging the asset accelerators and IP related to cloud automation stack and app-dev and modernization. Using this, we will double down to strengthen the Google Cloud partnership, it is a multi-cloud hybrid world and these capabilities will help both MediaAgility and Persistent to go to the market with stronger suite of solutions. Last but not the least, with the combined forces we will try to accelerate and capture the multi-cloud hybrid market, focus on horizontal or service line solutions that we take to the market through the specializations that we have, be it in security, be it in data and analytics, machine learning or cyber recovery. All these are strengths and hallmarks of the Google platform, the Google Cloud Platform and we hope to, you know, capitalize on these strengths as we go to market. This is in a nutshell, the synergies that we will bring together to accelerate market momentum.

Sandeep Kalra: So, with that we are at the end of our prepared remarks, so we would like to open the floor for question/answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question can raise your hand from the participant's tab on your screen. Participants are requested to use headphones or earphones while asking a question. Participants are requested to ask a maximum of two questions at a time. For follow up questions, please join the queue again. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

First question is from Mr. Nitin.

Nitin: Yeah hi, good evening and congratulations on the acquisition. Two questions from my side. One is, you mentioned that there aren't any significant overlaps between both entities, but at the same time, I think it appears roughly verticals appear similar. So, just if you could give some colour in terms of what the commonalities are and what the differences are, and what really gets you excited in terms of the potential for growth as a combined entity. So, that's the first one. The second one was in terms of looking at your acquisition playbook, do you think whatever you had to do so far is done or should we expect AWS is the only one where it appears to be a gap. So is that something we should look forward to, or we are done and dusted at this point in time. Thanks.

Sandeep Kalra: OK, so I will take the last one first. It is much easier to answer. So right now, from an acquisition playbook perspective, so we had said three things. We had said technological capabilities, vertical capabilities or geographic expansion and so on. So, we are done as far as the cloud capability expansion is concerned for the shorter run. We are not planning any AWS acquisition in the shorter run. We may look at a geographic footprint in Eastern Europe although, you know, with whatever is happening, we will have to go slow on that. So, we will opportunistically look at that, but there is nothing that you should expect in the next three to six months, unless something really comes up at us very opportunistically. So, from the playbook perspective, we have executed very significantly sticking to the core strategy and we believe we are building the right building blocks.

Now coming to the overlaps versus the differences. The overlap is not in terms of customer base, overlap is good in terms of the capabilities that we can take to our customer base. So see, Google cloud has always been known more for the data, AI, ML, MLOps those kinds of things and that is where they shine and now they have gone, northbound southbound into other capabilities. So, from that perspective, that real estate that we have, so for example, Rajesh talked about a large biotech company where they have done genome sequencing-related work and some other very cool work that can easily be taken to our pharma/other healthcare-related customers. So, there is opportunities there. We have a very big strength in provider segment, for example, in healthcare and that could be a good bolt-on in terms of opening that real estate to MediaAgility. Similarly Financial Services, we have with our own set of customers and with the SCI acquisition, pretty much 15 of the top 20 banks in the US. So, that becomes the real estate available where the capabilities can be taken. So, from a capability perspective, their capabilities are impeccable. From a real estate perspective, our real estate is impeccable, and there are people who choose to use Google for a certain use case, which was not necessarily at scale for us before.

So, lot of possibilities to work together and again, the customers that they have, they don't have a…so MediaAgility in the past now, as they become a part of Persistent, they will have access to all of that. They may not have had the same Salesforce capabilities, the same low-code/no-code capabilities, many of the capabilities that we bring to bear in terms of our service lines or vertical offerings. So, that is a play into the customers that we inherit as a part of this transaction as well. So, there is good amount of opportunities ahead of us.

Nitin: Thank you. All the very best.

Sandeep Kalra: Thank you.

Moderator: Thank you. Anyone who wishes to ask a question can raise your hand from the participants tab on your screen. Next question is from Mr. Paras. Yes Paras, please unmute and ask a question.

OK, we will go to the next one. Next question is from Debashish Mazumder. Yes, Debashish.

Sandeep Kalra: We can't hear you.

Debashish M: Can you hear me now?

Sandeep Kalra: Yes.

Debashish M: Congratulations on the acquisition that we have done. Sir, two questions from my side. One is, when we see these acquisitions that we are doing of late, do we have any plans to go beyond Product Engineering business that we do largely into the Infrastructure Management or the ERP business with our capabilities and with the acquisitions that we are doing. And the second question that I have is, this year we have already committed around $220 million for the acquisitions, and which is almost equal to our current cash balance. So, is there any plan in our mind that this much of money we will kind of commit for our acquisitions in each and every year?

Sandeep Kalra: Right. So, let me take the first question first and then answer partially the second question and hand over to Sunil. So, in terms of the acquisitions that we have done, look, the entire play that we have been putting together is right from Product Engineering to the Enterprise side of the house. Each of these acquisitions that we have talked about, have a significant Enterprise play. So when Rajesh talked about the use cases, partly those, if you look at it, most of those are in the Enterprise side of the house where we are bringing those capabilities, whether to a Biotech kind of a company or a Banking Financial Services organization or a Media Entertainment organization and so all these acquisitions, I would say Product Engineering is a smaller part, although it is a good part when people do cloud-native product development, yes, that is one part of the play. But taking the enterprises onto the cloud and so on is the second part of the play. And even as a company, if you look at us, we have a significant amount of Enterprise business in addition to the traditional strength of the Product Engineering side. And please keep in mind, every enterprise today wants to take inspiration from a product kind of a mind-set and wants to look like, feel like a product and a platform kind of a company, whether it is a large Card Issuer, large Financial Services organization, large Biotech, each of them want to have a product owner when they develop an application or a platform and so on. So, all the Product Engineering tenets are relevant, but the business mix is a good amount of Enterprise business mix.

Now onto the second part about committing capital. Look, while you talked about the capital being $200 million plus, keep in mind that this capital is committed over a period of two to three years. It is not committed as a capital that is going out right now. Each of these acquisitions have an upfront consideration, certain amount in earnout, certain amount in retention, which can span over two to three years. So, the cash flow, we have been very prudently looking at, and from our perspective, while the going is good, the market is good, we have grown very well, it is also the time to future-proof ourselves should the market start slowing down two years, three years down the line. We should still be very good, very well-positioned in terms of growth, based on our capabilities, and that is what we have been doing. We have not been sitting on our laurels. We have been putting our capital to use towards that. And we generate significant amount of cash every quarter, that basically comes back, whether it is the cash that we generate ourselves and through the combination of these acquired entities from the business that they do and the synergy revenues we have. Sunil, please add onto it if you want.

Sunil Sapre: No, thanks Sandeep. You have covered. Actually, just would like to add, if you look at it in context, the first two acquisitions SCI and Shree Partners that we announced about five months back, we are in the BFSI space and these two, the Data Glove and MediaAgility have been in the Microsoft and Google Cloud ecosystems. So, like Sandeep mentioned, the, you know, task of building blocks is largely done with this. Now, as he said, there could be some opportunistic things that could come our way, but we are going to double down on this to see how much market we can access with this and synergize, integrate these. So, at a point in time when you say that $220 million appears as if it is a large sum, but the building blocks, that have been done. Now as we grow and scale the revenues, you would have seen that our annual cash generation is of the order of $100-$120 million. So, the way we are structuring these transactions in the form of upfront payments and the earn outs, they actually represent just about, you know, something like 1.2x of the annual cash generation in the first year. It is not like a whole lot of a number. We are also accessing that by way of debt, prudently managing that our cash flows are still available for anything that we may require as a growing company. So, we have definitely, you can say that on the radar to ensure that as we go along, scale revenues with synergy, these cash flows improve over time, and we have enough and more to go. So, that is what I would just like to add.

Debashish M: Thank you very much for answering my question. Can I ask one more question to Rajesh?

Management: Sure.

Debashish M: Rajesh, thank you very much for taking my question. So, one question that I have is, if I see your growth rate for last three, four years, it is very-very handsome. And when I am seeing your revenue-to-EV multiple, considering the growth rate and considering the business profile that we have and considering also the margin profile that we have, it seems to be on a reasonable side rather than on the higher side. So, if you can help me with what make us to do this deal? Are we facing challenges in terms of scaling up, or it was like a complete synergy, which will scale up at a much more faster pace that has kind of enticed us to move into this team.

Rajesh Abhyankar: I will give you a bit of background of our thought process in deciding this, and that will answer the question. So we were, as you rightly pointed out, at our smaller size numbers, we were growing at a very aggressive rate. But the speed with which the entire Google ecosystem was changing under Thomas Kurian's leadership, the Google Cloud itself growing really fast, creating billions of dollars in that backlog in sales, the partner ecosystem itself was undergoing, if you are keeping an eye on that, it is partners of our size coming together under a Private Equity umbrella or partners raising capital and growing on their own, acquisitions by other GSIs or other very small niche solution providers. So, we had a choice that do we continue going this way, so this really was our plateauing or becoming more and more irrelevant unless we again, find a niche and again, throw ourselves there. The Google credentials that we were presenting, they were not going to be enough, going forward.

So, the sense of urgency was more from saying we have found something, we found our growth spurt. But how do we accelerate that? And after evaluating all of that with our advisors, going on our own was a slower way of doing it. We were capable of doing it, but it would have taken a much longer time. This closes the gap quite rapidly and hopefully within a short span of time when we integrate and all the synergies that we talked about, we think that our capabilities that we built, we can bring those to large enterprises at scale, much more rapidly with this combination. And this was a very competitive process. We looked at many options, but this one was the one that I am convinced is the right way. So, it was less driven by the highest bidder and more by, is there synergy. We are a people-first company, is there a cultural match, is there vertical match, and is this company hungry for the Google Cloud-based growth and can this result in a business unit with autonomy? So, there were a lot of factors that went into the decision and the price was one of them. I hope that answers.

Sandeep Kalra: And I will just add one thing to that. So, look at it this way. As Rajesh said, there is a good cultural fit, good technology fit, good business fit. We have talked about the Google business unit and the Google business unit will be headed by Rajesh and his team, and we are going to be consolidating a significant amount of work that we do with Google with Rajesh and team. So, it is a place where we are not just acquiring a company. We are basically putting teams together who are the best fit for that purpose and all of us coming together, take our company forward as one Persistent, and we have been talking for the last nine months-plus. And there is also a certain amount of comfort level that sets in that goes beyond just even the number from the valuation, and it is also about not what the valuation is. It is about can you really make your earn-outs, will your goals to be set in the right manner, would you have the right cultural fit to thrive, will your people have the right place to build careers and fulfil their aspirations? We have talked in detail about a lot of these things. So, in a nutshell, that is where it is. So please, when you look at acquisitions, it is not just about the highest number out there, it is about the highest synergy and the highest win for everyone involved over a period of time.

Debashish M: I understand that, but my job was to ask this question. Thank you very much.

Sandeep Kalra: Good job.

Moderator: Thank you. That was the last question. I would now like to hand conference back to Mr. Sandeep Kalra.

Sandeep Kalra: So, to all our investors and well-wishers, you have been with us on this journey. We have been putting the right building blocks. As we have executed organically, we have looked at our inorganic strategy very closely to put the right building blocks to continue this growth and to make sure that times are good, times are bad, whatever the times maybe, we continue to deliver good results to our investors, the right career path to our employees, the right value-add to our customers and partners. So, rest assured, we are on that journey and most of the building blocks are there, and as somebody asked earlier, so we will take a pause for some time. But, you know, in life, you should never say never. So, with that, we will close this call and look forward to meeting you in the earnings call. Thank you.

Moderator: Thank you, sir. On behalf of Persistent Systems Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines and exit the webinar.

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