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eClerx

**Financial Performance - FY18 Q1**

**11<sup>th</sup> Aug, 2017**

eClerx

# Financial Summary



Metrics		FY18 Q1	Q-o-Q	Y-o-Y
Revenue	OPG revenue (USD mm)	48.8	2%	-3%
	OPG revenue (INR mm)	3,332	0%	-2%
	Total revenue (INR mm)	3,414	5%	-3%
Profit	OPM (INR mm)	895	-9%	-21%
	EBITDA (INR mm)	1,086	4%	-20%
	Net profit (INR mm)	794	6%	-17%
Margin	OPM (%)	27%	-3%	-7%
	EBITDA (%)	32%	0%	-7%
	Net profit (%)	23%	0%	-4%

- Q-o-Q USD revenue up by 1.9% and CC revenue up by 1.4%
  - Sequential revenue decline expected in Q2
- Q-o-Q Net Profit up by 5.8% to INR 79.4 cr - due to revaluation gain on fx
- eClerx LLC has entered into definitive agreement to purchase assets of TwoFour Holdings LLC
  - Contingent upon Closing in Q2 end, it may add ~1% in FY18 revenues

## Other Income – FY18 Q1 vs. FY17 Q4



Other Income	FY18 Q1	FY17 Q4	FY17 Q3	FY17 Q2	FY17 Q1
Investment & Other Income	65.3	61.3	72.5	84.7	60.9
Hedge Gain / (Loss)	-	-	-	-	-
Revaluation and Realised Gain	16.9	(133.9)	40.4	(36.6)	39.1
<b>Total</b>	<b>82.2</b>	<b>(72.6)</b>	<b>112.9</b>	<b>48.1</b>	<b>100.0</b>

Figures in INR millions.

- Increase in Investment Income due to higher investible surplus available in FY'18 Q1 compared to FY'17 Q4
- **Revaluation and Realised Loss**
  - USD/INR FY'18 Q1 Exit: 64.62 vs. FY'17 Q4 Exit: 64.86
  - EUR/INR FY'18 Q1 Exit: 73.74 vs. FY'17 Q4 Exit: 69.38

Note: For analysis purpose we have grouped any (losses) or gain under other income, whereas In published financial results any (losses) are grouped under other expenses

## Current Hedge Status

- Total outstanding hedges now \$139.6 mm at average INR 71.0/\$; 100% forwards
  - 2.9 times quarter revenue vs. average of 2.8 times in preceding 4 quarters

Contract	Year	Currency	Amount (mn)	Avg. Rate (INR)	
Forwards	FY18	USD	79.54	71.3	
		Euro	3.41	84.1	
	FY18 Q2– Equiv USD		\$30.86	71.6	
	FY18 H2– Equiv USD		\$52.57	71.3	
	<b>Total FY18 – Equiv USD</b>		<b>\$83.43</b>	<b>71.4</b>	
	FY19	USD	53.87	70.4	
	FY19 H1– Equiv USD		\$39.86	70.3	
	FY19 H2– Equiv USD		\$14.01	70.7	
	<b>Total FY19 – Equiv USD</b>		<b>\$53.87</b>	<b>70.4</b>	
	FY20	USD	2.345	70.4	
	FY20 H1– Equiv USD		\$2.35	70.4	
	FY20 H2– Equiv USD		-	-	
	<b>Total FY20 – Equiv USD</b>		<b>\$2.35</b>	<b>70.4</b>	
	<b>Total – Equiv USD</b>			<b>\$139.65</b>	<b>71.0</b>

**Note:** EUR / USD taken at 1.14

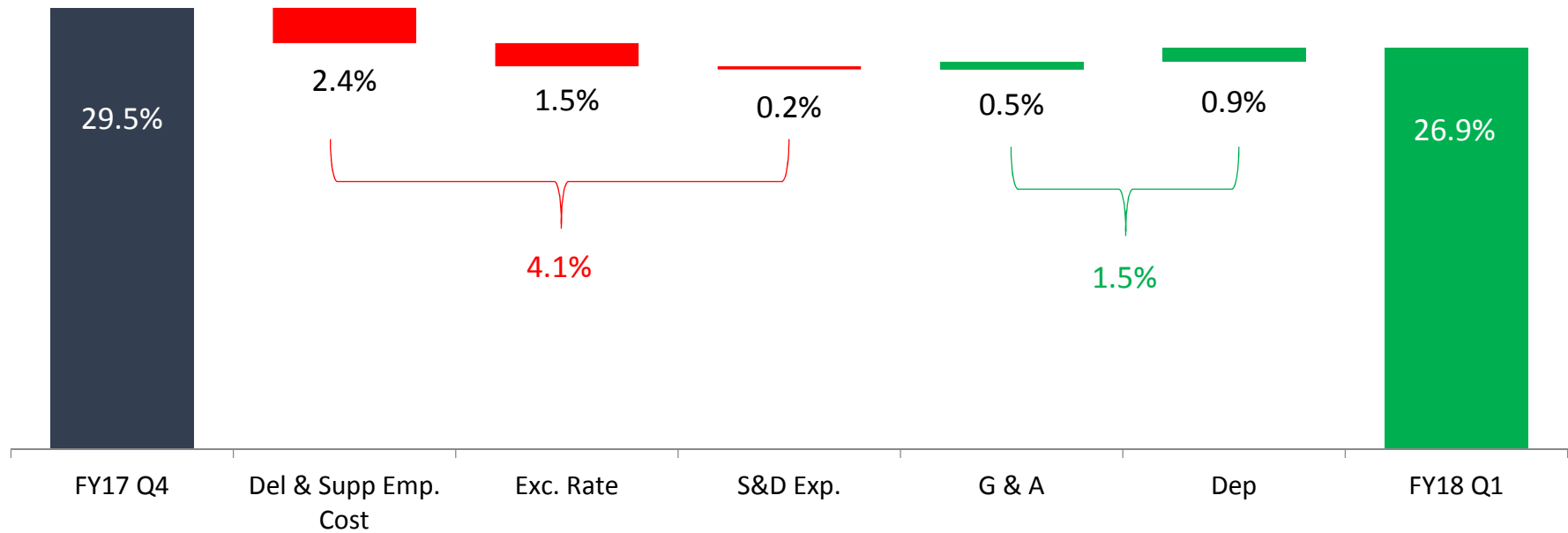
# P&L Comparison: FY18 Q1 vs. FY17 Q4



Operating P&L	FY18 Q1	OPR (%)	FY17 Q4	OPR (%)
Operating Revenue	3,331.7		3,315.1	
<b>Cost of Revenues</b>				
Delivery and Support Employees Cost	1,431.8	43.0%	1,316.4	39.7%
<b>General and Administrative Expenses</b>				
Facilities (Rent and Electricity)	152.1	4.6%	151.6	4.6%
Administrative Services (Transport, HK, Security)	49.0	1.5%	42.7	1.3%
Technological Services (Communications, AMC)	99.6	3.0%	94.2	2.8%
Legal and Professional Fees	47.4	1.4%	47.3	1.4%
CSR & Donation	3.8	0.1%	10.5	0.3%
Others	61.8	1.9%	74.1	2.2%
<b>Total G&amp;A</b>	<b>413.6</b>	<b>12.4%</b>	<b>420.4</b>	<b>12.7%</b>
<b>Selling and Distribution</b>	<b>482.4</b>	<b>14.5%</b>	<b>462.6</b>	<b>14.0%</b>
<b>Depreciation and Amortization</b>	<b>108.8</b>	<b>3.3%</b>	<b>136.5</b>	<b>4.1%</b>
<b>Total Operating Cost</b>	<b>2,436.6</b>	<b>73.1%</b>	<b>2,335.8</b>	<b>70.5%</b>
<b>Operating Profit</b>	<b>895.1</b>	<b>26.9%</b>	<b>979.3</b>	<b>29.5%</b>
INR/USD (Avg)	64.48		66.97	
INR/EUR (Avg)	70.92		71.37	

Figures in INR millions.

# OPM Bridging Analysis: Q-o-Q FY18 Q1 vs. FY17 Q4



- Delivery & Support Employees Cost: Increase primarily due to annual wage hike & Increase in both Onshore and offshore delivery employees
- S&D: Increase due to higher travel spend
- G&A: Lower CSR & Other G&A cost

**Note:**

- Bridging analysis in constant currency; impact of currency movement for revenue shown under Exc. rate
- S&D Exp. includes employee cost of onsite business development team

- Total Cash and Cash equivalents of INR 6,429 mm vs INR 6,060 mm for FY'17 Q4;
  - Equivalent to INR 161.9 per share vs INR 152.6 for FY'17 Q4
  - Net operating cash flow in FY'18 Q1 is INR 387 mm vs INR 649 mm in FY17 Q4
  - Capex during FY'18 Q1 is INR 87.3 mm vs INR 43.3 mm in FY'17 Q4
- EPS
  - Basic: INR 20.0; Diluted: INR 19.9
- Current book value per share of INR 327.0 vs. INR 306.1 FY'17 Q4

## **CSR Update**

- Spent INR 3.8 mm for existing and new projects in FY'18 Q1 related to India, FY plan same as last year
- Areas covered: Health, Education, Child Labour Protection
- Total Life touched / benefited ~32k

# Key Business Metrics

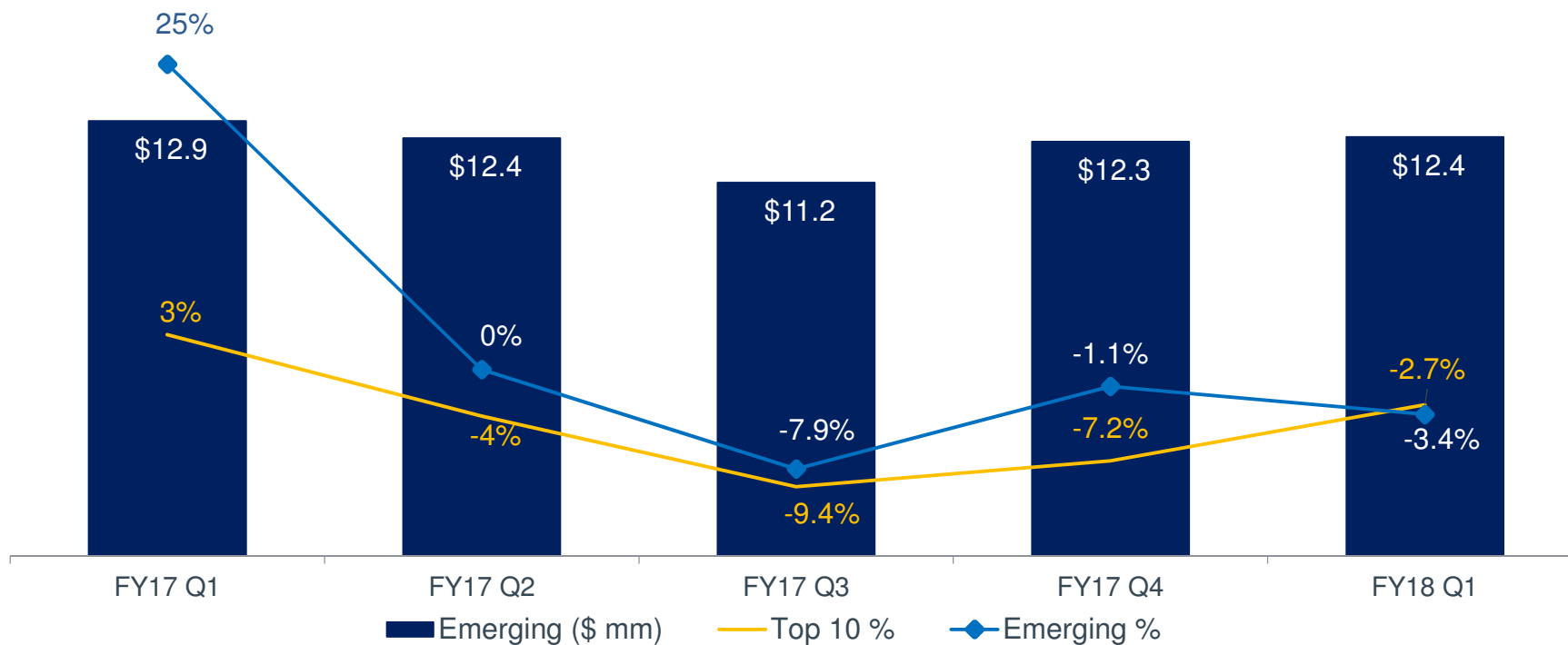


Metrics		FY 18 Q1	FY 17 Q4	FY 17 Q3	FY 17 Q2	FY 17 Q1
Currency Contribution* (%)	USD	84%	84%	75%	73%	72%
	EURO	9%	10%	17%	19%	19%
	GBP	6%	6%	7%	8%	9%
Geographic Concentration*	North America	69%	67%	69%	68%	66%
	Europe	26%	28%	27%	29%	30%
Debtors (including unbilled)	DSO	88 days	85 days	78 days	74 days	80 days
Client Concentration	Top 10 contribution	75%	74%	76%	75%	74%
Billing Mix	FTE	80%	81%	83%	81%	81%
	SEZ Revenue	62%	61%	64%	64%	66%
Staff Utilization (Delivery)		76.8%	76.0%	78.5%	79.5%	79.1%
Client Contribution* (based on 12 month accrued revenue)	US\$ 500k+ Clients	14	14	15	18	18
	US\$ 1mm+ Clients	17	18	18	17	18
	US\$ 5mm+ Clients	6	6	6	7	7

\*Other smaller currencies, geographies and client contribution not shown



# Revenue Mix Trends – Consol

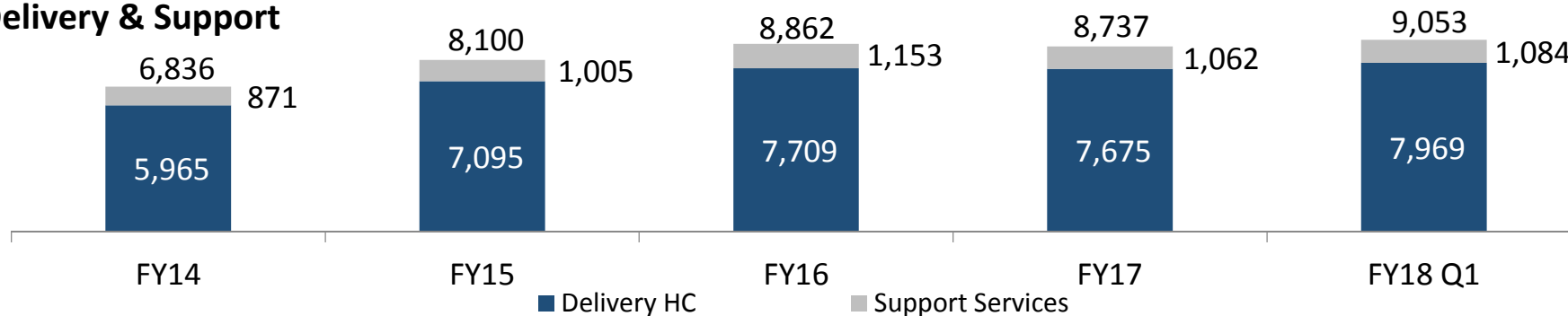


- Top 10 client Y-o-Y drop of -2.7% in USD & -2.6% in CC
- Emerging client Y-o-Y drop in USD by -3.4% & and -0.1% in CC

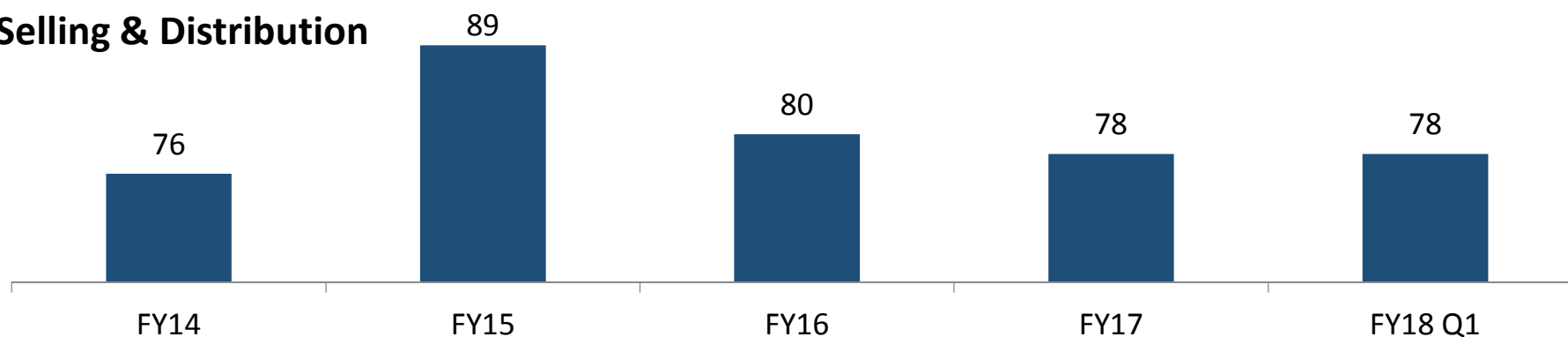
# Human Resources Update



## Delivery & Support

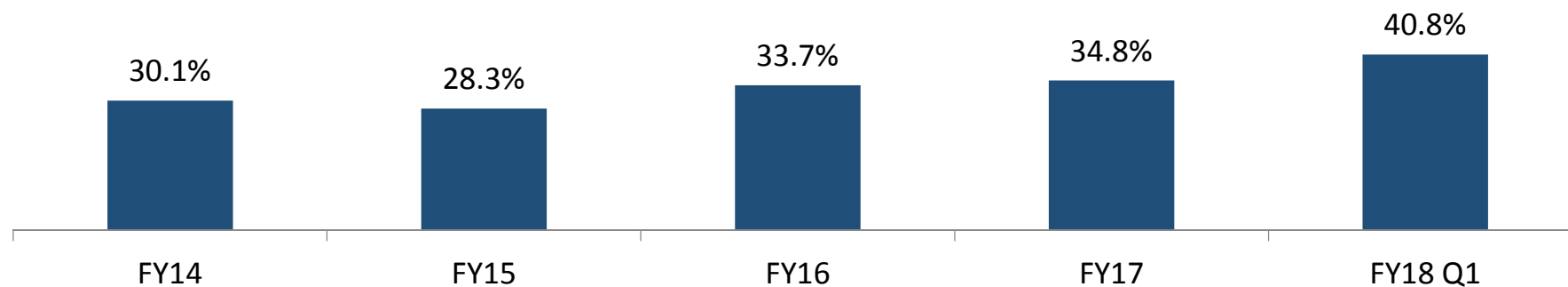


## Selling & Distribution



\* FY16 and onwards includes CLX- Realignment of onshore delivery roles and exclusion of onshore admin roles

## India Attrition



This presentation contains forward-looking statements, inter-alia, to enable investors to comprehend company's prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is, inter-alia, subject to assumptions, risks, uncertainties, including but not limited to our ability to successfully conclude and integrate (potential) acquisition(s) and general regulatory and economic conditions affecting the industry. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, expected or projected. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Further this presentation may also contain references to findings of various reports available in public domain. We make no representation as to their accuracy or that we necessarily subscribe to those findings. Figures for previous periods / year have been regrouped, wherever necessary.

Thank You

# Balance Sheet Abstract



Particulars	Jun 30, 2017	Mar 31, 2017	% of Change
<b>Shareholder's Funds</b>			
Capital	397.2	397.1	0.0%
Minority Interest	6.0	4.5	
Reserves and Surplus	12,591.6	11,756.4	7%
<b>Total Shareholder's Funds</b>	<b>12,994.8</b>	<b>12,158.0</b>	<b>7%</b>
<b>Application of Funds</b>			
Fixed Assets	3,341.0	3,269.1	2%
Deferred Tax Assets (net)	(110.7)	(168.9)	-34%
Net Current Assets and Investments (Liquid)	9,764.5	9,057.7	8%
<b>Total Application of Funds</b>	<b>12,994.8</b>	<b>12,158.0</b>	<b>7%</b>

Figures in INR millions.

# Financial Summary – Quarterly View



Metrics		FY18 Q1	FY17 Q4	FY17 Q3	FY17 Q2	FY17 Q1
Revenue	Opg Revenue (USD mn)	48.8	47.9	47.2	48.9	50.2
	Opg Revenue (INR mn)	3,332	3,315	3,247	3,335	3,403
	Total Revenue (INR mn)	3,414	3,243	3,359	3,383	3,503
Profit	OPM (INR mn)	895	979	910	1,141	1,140
	EBITDA (INR mn)	1,086	1,043	1,156	1,317	1,360
	Net Profit (INR mn)	794	750	860	971	959
Margin	OPM	27%	30%	28%	34%	33%
	EBITDA	32%	32%	34%	39%	39%
	Net Profit	23%	23%	26%	29%	27%
EPS	Basic	20.0	18.9	21.1	23.8	23.5
	Diluted	19.9	18.7	20.8	23.5	23.2

# P&L Comparison – Quarterly View



Operating P&L	FY18 Q1	OPR (%)	FY17 Q4	OPR (%)	FY17 Q3	OPR (%)	FY17 Q2	OPR (%)
Operating Revenue	3,332		3,315		3,247		3,335	
<b>Cost of Revenues</b>								
Delivery and Support Employees Cost	1,432	43%	1,316	40%	1,339	41%	1,266	38%
<b>General and Administrative Expenses</b>								
Facilities (Rent and Electricity)	152	5%	152	5%	148	5%	149	4%
Administrative Services (Transport, HK, Security)	49	1%	43	1%	42	1%	45	1%
Technological Services (Communications, AMC)	100	3%	94	3%	89	3%	90	3%
Legal and Professional Fees	47	1%	47	1%	39	1%	46	1%
Provision / Written off for Bad Debt	-	0%	-	0%	-	0%	-	0%
CSR & Donation	4	0%	10	0%	36	1%	13	0%
Others	62	2%	74	2%	59	2%	50	1%
<b>Total G&amp;A</b>	<b>414</b>	<b>12%</b>	<b>420</b>	<b>13%</b>	<b>413</b>	<b>13%</b>	<b>392</b>	<b>12%</b>
<b>Selling and Distribution*</b>	<b>482</b>	<b>14%</b>	<b>463</b>	<b>14%</b>	<b>452</b>	<b>14%</b>	<b>407</b>	<b>12%</b>
<b>Depreciation and Amortization</b>	<b>109</b>	<b>3%</b>	<b>137</b>	<b>4%</b>	<b>134</b>	<b>4%</b>	<b>128</b>	<b>4%</b>
<b>Total Operating Cost</b>	<b>2,437</b>	<b>73%</b>	<b>2,336</b>	<b>71%</b>	<b>2,337</b>	<b>72%</b>	<b>2,194</b>	<b>66%</b>
<b>Operating Profit</b>	<b>895</b>	<b>27%</b>	<b>979</b>	<b>29%</b>	<b>910</b>	<b>28%</b>	<b>1,141</b>	<b>34%</b>

\*Selling and Distribution includes employee cost of onsite business development team.

Figures in INR millions.

# Key Business Metrics – Quarterly View



Metrics		FY18 Q1	FY17 Q4	FY17 Q3	FY17 Q2	FY17 Q1	FY16 Q4	FY16 Q3	FY16 Q2
Revenue Growth (%)	USD	1.9%	1.5%	-3.5%	-2.6%	-1.1%	-2.0%	3.2%	8.1%
	Constant Currency	1.4%	1.6%	-2.6%	0.8%	-1.6%	-2.5%	NA	NA
Currency Concentration (%)	USD	84%	84%	75%	73%	72%	72%	73%	74%
	EURO	9%	10%	17%	19%	19%	19%	18%	18%
	GBP	6%	6%	7%	8%	9%	9%	9%	8%
	Other	1%	0%	0%	0%	0%	0%	0%	0%
Geographic Concentration	North America	69%	67%	69%	68%	66%	67%	67%	67%
	Europe	26%	28%	27%	29%	30%	30%	29%	29%
	ROW	5%	5%	4%	4%	3%	3%	4%	4%
Debtors	DSO (including Un-billed)	88 days	85 days	78 days	74 days	80 days	73 days	71 days	80 days
Client	Top 10 contribution	75%	74%	76%	75%	74%	76%	77%	75%
Billing Mix	FTE	80%	81%	83%	81%	81%	80%	82%	81%
	SEZ Revenue	62%	61%	64%	64%	66%	66%	66%	67%
Seat Count		8941	9035	9023	8,632	8,626	8,574	8,522	8,601
Staff Utilization (Delivery)		76.8%	76.0%	78.5%	79.5%	79.1%	77.8%	79.0%	76.4%