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eClerx

**Financial Performance - FY18 Q4**  
**23<sup>rd</sup> May, 2018**

# Financial Summary



	Metrics	FY18 Q4	Q-o-Q	FY18	Y-o-Y
Revenue	OPG revenue (USD mm)	52.5	7%	198.6	2%
	OPG revenue (INR mm)	3,611	6%	13,651	3%
	Total revenue (INR mm)	3,781	11%	14,049	4%
Profit	OPM (INR mm)	676	(13%)	3,185	(24%)
	EBITDA (INR mm)*	975	7%	4,065	(17%)
	Operating EBITDA (INR mm)*	805	(11%)	3,667	(22%)
	Net profit (INR mm)	644	12%	2,900	(18%)
Margin	OPM (%)	19%	(4%)	23%	(8%)
	EBITDA (%)	27%	0%	29%	(7%)
	Operating EBITDA (%)	22%	(4%)	27%	(8%)
	Net profit (%)	17%	0%	21%	(6%)

\*Operating EBITDA Excludes Other Income, whereas EBITDA includes Total Revenue

- Q-o-Q USD revenue increased by 7% and CC revenue up by 6.5%
- In FY18, company has accounted a total of INR 339.8 mm under SEIS; giving +ve PAT impact of 2.4% for FY18
  - INR 107.2 mm accrued in FY18 OPR: INR 64.83 mm accounted in Q3 and INR 42.34 mm in Q4
  - INR 233.2 mm pertaining to previous years treated as “Exceptional Items”
- Share buyback program of INR 2,580 mm completed on 13<sup>th</sup> March 2018
- INR 1 dividend announced for FY18

## Other Income – FY18 vs. FY17

Figures in INR millions.

Other Income	FY18	FY17	FY16
Investment Income	292.4	267.3	98.9
Revaluation and Realised Gain	59.8	(130.0)	257.8
Other Misc. Income	46.1	51.1	5.8
<b>Total</b>	<b>398.3</b>	<b>188.4</b>	<b>362.5</b>

- Increase in other income primarily due to favorable exchange rate movement
- **Revaluation and Realised Gain**
  - USD/INR FY'18 Exit: 65.14 vs. FY'17 Exit: 64.86 vs. FY'16 Exit: 66.33
  - EUR/INR FY'18 Exit: 80.28 vs. FY'17 Exit: 69.38 vs. FY'16 Exit: 75.10
  - GBP/INR FY'18 Exit: 91.27 vs. FY'17 Exit: 81.29 vs. FY'16 Exit: 95.09

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 \$141.3 mm at average INR 68.8/\$; 100% forwards

Contract	Year	Currency	Amount (mn)	Avg. Rate (INR)
Forwards	<b>Total FY19</b>	<b>USD</b>	<b>109.22</b>	<b>68.8</b>
	FY19 H1		\$61.41	69.0
	FY19 H2		\$47.81	68.5
	<b>Total FY20</b>	<b>USD</b>	<b>32.12</b>	<b>68.8</b>
	FY20 H1		\$25.47	68.7
	FY20 H2		\$6.65	69.4
	<b>Total USD</b>			<b>\$141.34</b>

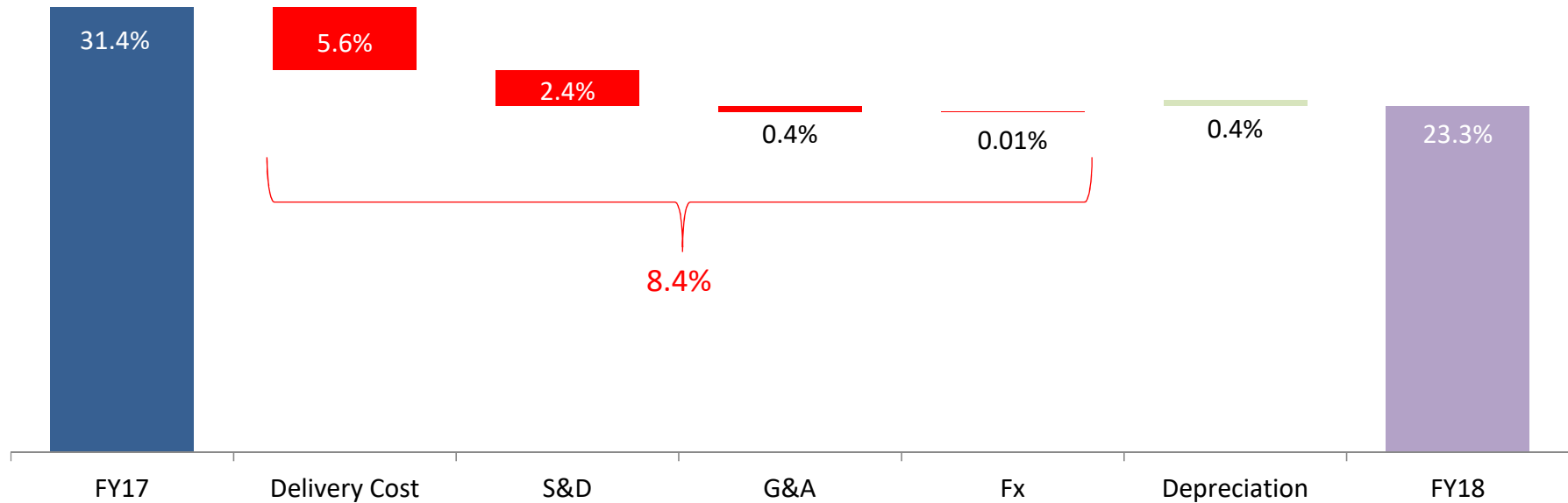
# P&L Comparison: FY18 vs. FY17



Figures in INR millions.

Operating P&L	FY18	OPR (%)	FY17	OPR (%)
Operating Revenue	13,650.6		13,300.3	
<b>Cost of Revenues</b>				
Delivery and Support Employees Cost	6,179.5	45.3%	5,246.8	39.4%
<b>General and Administrative Expenses</b>				
Facilities (Rent and Electricity)	632.2	4.6%	600.7	4.5%
Technological Services (Communications, AMC)	391.3	2.9%	360.3	2.7%
Administrative Services (Transport, HK, Security)	163.2	1.2%	173.3	1.3%
Legal and Professional Fees	221.6	1.6%	207.5	1.6%
CSR & Donation	69.3	0.5%	65.3	0.5%
Others	274.9	2.0%	241.0	1.8%
<b>Total G&amp;A</b>	<b>1,752.6</b>	<b>12.8%</b>	<b>1,648.0</b>	<b>12.4%</b>
<b>Selling and Distribution</b>	<b>2,051.3</b>	<b>15.0%</b>	<b>1,717.4</b>	<b>12.9%</b>
<b>Depreciation and Amortization</b>	<b>482.4</b>	<b>3.5%</b>	<b>518.0</b>	<b>3.9%</b>
<b>Total Operating Cost</b>	<b>10,465.9</b>	<b>76.7%</b>	<b>9,130.1</b>	<b>68.6%</b>
<b>Operating Profit</b>	<b>3,184.7</b>	<b>23.3%</b>	<b>4,170.2</b>	<b>31.4%</b>
INR/USD (Avg)	64.47		67.05	
INR/EUR (Avg)	75.46		73.57	
INR/GBP (Avg)	85.53		87.64	

# OPM Bridging Analysis: Y-o-Y FY18 vs. FY17



- Delivery Cost: Increase in Onshore delivery due to addition of TwoFour and Onshore delivery centre
- S&D: Increase in senior management hires and higher travel cost
- G&A: Increase in Professional fees due to one off consulting fee, rent escalation and bad debts

**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 6,002 mm vs INR 7,815 mm for FY'18 Q3;
  - Equivalent to INR 157.3 per share vs INR 197.3 for FY'18 Q3
  - Net operating cash flow in FY'18 is INR 2,982.7 mm vs INR 3,124.3 mm in FY17
  - Capex during FY'18 Q4 is INR 65.5 mm vs INR 54.3 mm in FY'18 Q3
- EPS
  - Q4 Basic: INR 16.5; Diluted: INR 16.4
  - YTD Basic: INR 73.2; Diluted: INR 72.9
- Current book value per share of INR 315.86 vs. INR 360.0 FY'18 Q3

## CSR Update

- Spent INR 67.7 mm for existing and new projects in FY'18 related to India
- Areas covered: Health, Education, Child Labour Protection; added – Skills development
- Total Life touched / benefited ~18k

# Key Business Metrics

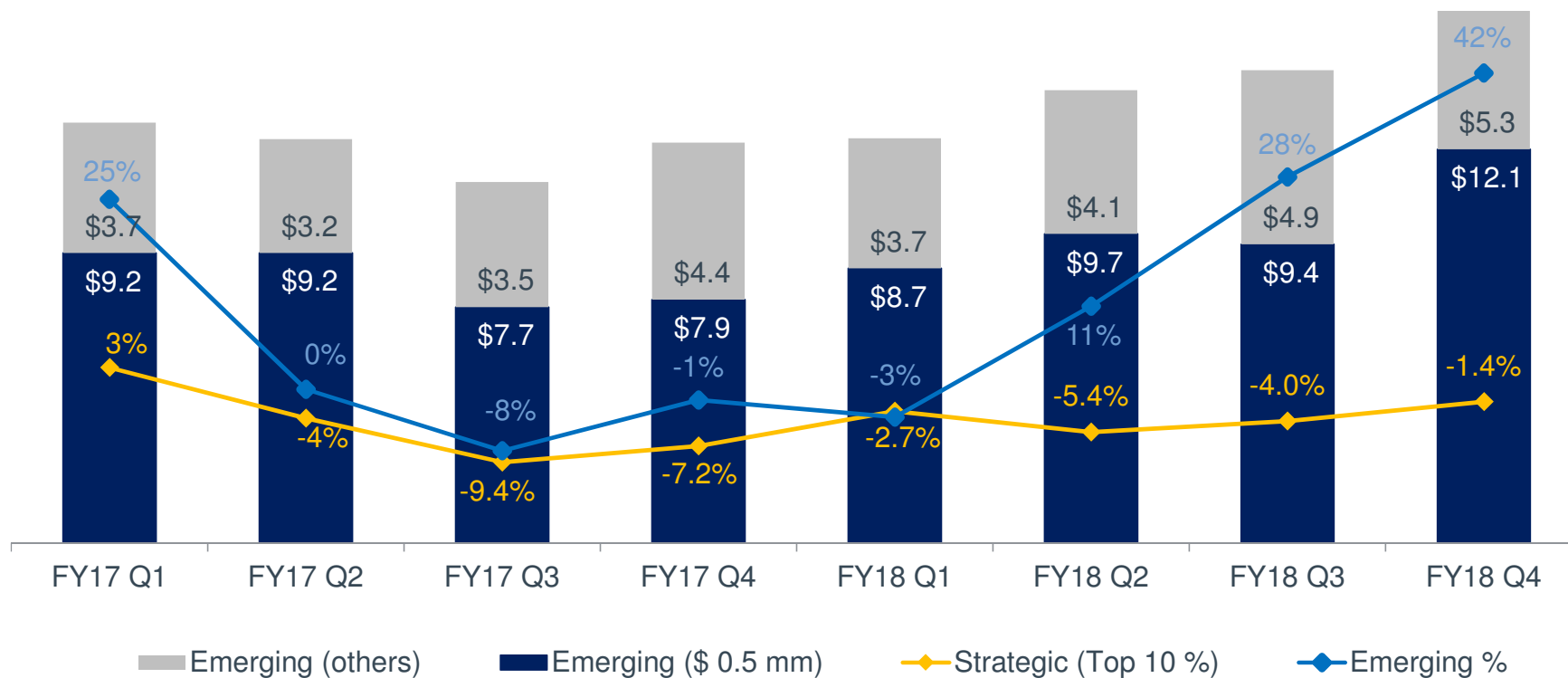


Metrics		FY 18 Q4	FY 18 Q3	FY 18 Q2	FY 18 Q1	FY 17 Q4	FY 17 Q3	FY 17 Q2	FY 17 Q1
Currency Contribution* (%)	USD	79%	83%	82%	84%	84%	75%	73%	72%
	EURO	13%	10%	10%	9%	10%	17%	19%	19%
	GBP	6%	6%	6%	6%	6%	7%	8%	9%
Geographic Concentration*	North America	59%	65%	65%	69%	67%	69%	68%	66%
	Europe	35%	28%	29%	26%	28%	27%	29%	30%
Debtors (including unbilled)	DSO	93 days	81 days	81 days	88 days	85 days	78 days	74 days	80 days
Client Concentration	Top 10 contribution	67%	71%	71%	75%	74%	76%	75%	74%
Billing Mix	Managed Services	27%	22%	21%	20%	18%	15%	15%	14%
	Onshore revenue	23%	19%	18%	15%	14%	13%	14%	13%
Staff Utilization (Delivery)		72.4%	72.9%	73.8%	76.8%	76.0%	78.5%	69.4%	68.7%
Client Contribution*	US\$ 500k+ Clients	17	16	14	14	14	15	18	18
(based on 12 month accrued revenue)	US\$ 1mm+ Clients	17	16	17	17	18	18	17	18
	US\$ 5mm+ Clients	6	6	6	6	6	6	7	7

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

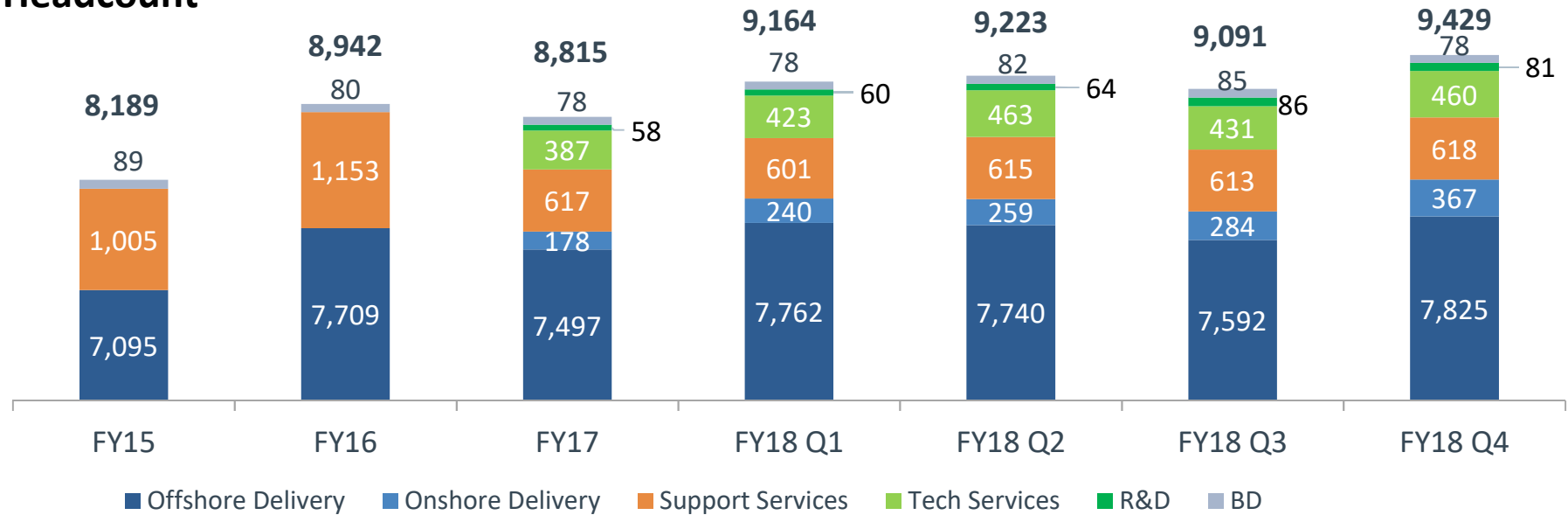


# Revenue Mix Trends – Consol

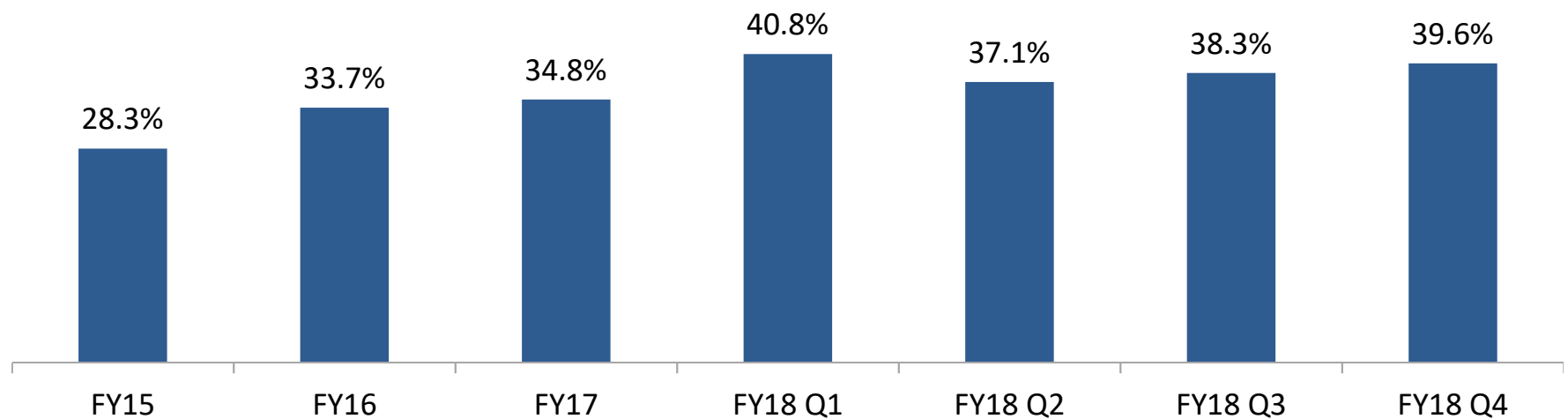


- Strategic (Top 10) clients Y-o-Y drop of -1.6% in both USD & CC
- Emerging client Y-o-Y growth in USD by 41.9% and 34% in CC

## Headcount



## Offshore 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



Figures in INR millions.

Particulars	March 31, 2018	March 31, 2017	% of Change
<b>Shareholder's Funds</b>			
Capital	381	397	(3.9%)
Minority Interest	5	4	19.9%
Reserves and Surplus	11,666	11,756	(1%)
<b>Total Shareholder's Funds</b>	<b>12,053</b>	<b>12,158</b>	<b>(1%)</b>
<b>Application of Funds</b>			
Fixed Assets	3,435	3,269	5%
Deferred Tax Assets (net)	(31)	(169)	(82%)
Net Current Assets & Investments (Liquid)	8,649	9,058	(5%)
<b>Total Application of Funds</b>	<b>12,053</b>	<b>12,158</b>	<b>(1%)</b>

# Financial Summary – Quarterly View



Metrics		FY18 Q4	FY18 Q3	FY18 Q2	FY18 Q1	FY17 Q4	FY17 Q3
Revenue	OPG revenue (USD mm)	52.5	48.9	48.3	48.8	47.9	47.2
	OPG revenue (INR mm)	3,611	3,399	3,309	3,332	3,315	3,247
	Total revenue (INR mm)	3,781	3,405	3,450	3,413	3,243	3,359
Profit	OPM (INR mm)	676	778	835	895	979	910
	EBITDA (INR mm)	975	911	1,095	1,085	1,043	1,156
	Operating EBITDA (INR mm)	805	904	954	1,004	1,115	1,043
	Net profit (INR mm)	644	575	887	793	750	860
Margin	OPM (%)	19%	23%	25%	27%	29.5%	28%
	EBITDA (%)	27%	27%	33%	33%	32%	34%
	Operating EBITDA (%)	22%	27%	29%	30%	34%	32%
	Net profit (%)	17%	17%	26%	23%	23%	26%
EPS	Basic	16.5	14.5	22.3	20.0	19.0	21.1
	Diluted	16.4	14.4	22.2	19.9	18.9	20.8

# P&L Comparison – Quarterly View



Figures in INR millions.

Operating P&L	FY18 Q4	OPR (%)	FY18 Q3	OPR (%)	FY18 Q2	OPR (%)	FY18 Q1	OPR (%)	FY17 Q4	OPR (%)
Operating Revenue	3,611		3,399		3,309		3,332		3,315	
<b>Cost of Revenues</b>										
Delivery and Support Employees Cost	1,712	47%	1,547	46%	1,490	45%	1,432	43%	1,316	40%
<b>General and Administrative Expenses</b>										
Facilities (Rent and Electricity)	168	5%	159	5%	153	5%	152	5%	152	5%
Technological Services (Communications, AMC)	97	3%	99	3%	95	3%	100	3%	94	3%
Administrative Services (Transport, HK, Security)	41	1%	35	1%	39	1%	49	1%	43	1%
Legal and Professional Fees	86	2%	58	2%	30	1%	47	1%	47	1%
Provision / Written off for Bad Debt	22	0%	-	-	-	-	0	0%	-	-
CSR & Donation	20	1%	20	1%	25	1%	4	0%	10	0%
Others	60	2%	68	2%	63	2%	62	2%	74	2%
<b>Total G&amp;A</b>	<b>495</b>	<b>14%</b>	<b>439</b>	<b>13%</b>	<b>406</b>	<b>12%</b>	<b>414</b>	<b>12%</b>	<b>420</b>	<b>13%</b>
Selling and Distribution*	600	17%	509	15%	459	14%	482	14%	463	14%
Depreciation and Amortization	129	4%	126	4%	119	4%	109	3%	137	4%
<b>Total Operating Cost</b>	<b>2,935</b>	<b>81%</b>	<b>2,620</b>	<b>77%</b>	<b>2,474</b>	<b>75%</b>	<b>2,437</b>	<b>73%</b>	<b>2,336</b>	<b>70%</b>
<b>Operating Profit</b>	<b>676</b>	<b>19%</b>	<b>778</b>	<b>23%</b>	<b>835</b>	<b>25%</b>	<b>895</b>	<b>27%</b>	<b>979</b>	<b>30%</b>

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

# Key Business Metrics – Quarterly View



Metrics		FY 18 Q4	FY 18 Q3	FY 18 Q2	FY 18 Q1	FY 17 Q4	FY 17 Q3	FY 17 Q2	FY 17 Q1	FY16 Q4
Revenue Growth (%)	USD	7.4%	1.2%	-0.9%	1.9%	1.5%	-3.5%	-2.6%	-1.1%	-2.0%
	Constant Currency	6.5%	1.1%	-1.8%	1.4%	1.6%	-2.6%	0.8%	-1.6%	-2.5%
Currency Contribution* (%)	USD	79%	83%	82%	84%	84%	75%	73%	72%	72%
	EURO	13%	10%	10%	9%	10%	17%	19%	19%	19%
	GBP	6%	6%	6%	6%	6%	7%	8%	9%	9%
	Others	2%	1%	2%	1%	0%	1%	0%	0%	0%
Geographic Concentration*	North America	59%	65%	65%	69%	67%	69%	68%	66%	67%
	Europe	35%	28%	29%	26%	28%	27%	29%	30%	30%
	ROW	6%	7%	6%	5%	5%	4%	3%	4%	3%
Debtors (including unbilled)	DSO	93 days	81 days	81 days	88 days	85 days	78 days	74 days	80 days	73 days
Client Concentration	Top 10 contribution	67%	71%	71%	75%	74%	76%	75%	74%	76%
Billing Mix	Managed Services	27%	22%	21%	20%	18%	15%	15%	14%	20%
	Onshore revenue	23%	19%	18%	15%	14%	13%	14%	13%	13%
Staff Utilization (Delivery)		72.4%	72.9%	73.8%	76.8%	76.0%	78.5%	69.4%	68.7%	77.8%
Seat Count		8,919	8,904	8,926	8,941	9,035	9,023	8,632	8,626	8,574