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eClerx

Financial Performance – YTD FY19
31st January, 2019

eClerx

Presented to:

Metrics		FY19 Q3	Q-o-Q	FY19 YTD	Y-o-Y
Revenue	OPG revenue (USD mm)	50.2	0.3%	149.5	2.4%
	OPG revenue (INR mm)	3,576	0%	10,655	6%
	Total revenue (INR mm)	3,572	-5%	11,028	7%
Profit	EBITDA (INR mm)	667	-35%	2,659	-14%
	Operating EBITDA (INR mm)	671	-19%	2,286	-20%
	OPM (INR mm)	548	-25%	1,966	-22%
	Net profit (INR mm)	390	-44%	1,691	-25%
Margin	EBITDA (%)	18.7%	-8.6%	24.1%	-6.0%
	Operating EBITDA (%)	18.8%	-4.6%	21.5%	-7.1%
	OPM (%)	15.3%	-5.1%	18.5%	-6.5%
	Net profit (%)	10.9%	-7.7%	15.3%	-6.6%

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

- Constant currency QoQ growth of 0.7% and YoY growth of 3.3%
- Further investments in onshore delivery - revenue to trail and one time Pune consolidation impact lead to sharp OPM decline in Q3.
- Effective tax rate of Q3FY19 is 28.4%; FY19 will be around 28%

Figures in INR millions.

Other Income	FY19 Q3	FY19 Q2	FY19 Q1	FY18 Q4	FY18 Q3
Investment Income	100.0	79.3	67.5	82.7	69.9
Revaluation and Realised Gain	(108.8)	109.3	98.3	57.8	(70.8)
Other Misc. Income	4.6	4.1	19.1	29.1	7.1
Total	(4.2)	192.7	184.9	169.6	6.2

- Decrease in other income due to exchange rate movement partly offset by higher investment income
- **Revaluation and Realised Gain**
 - USD/INR FY'19 Q3 Exit: 69.62 vs. FY'19 Q2 Exit: 72.54
 - EUR/INR FY'19 Q3 Exit: 79.62 vs. FY'19 Q2 Exit: 84.22
 - GBP/INR FY'19 Q3 Exit: 88.79 vs. FY'19 Q2 Exit: 94.51

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 \$146.5 mm at average INR 71.7/\$; 100% forwards
- Very positive hedge rate trajectory from Q2 onwards

Contract	Year	Amount (USD mn)	Avg. Rate (INR)
Matured Forwards	FY19 Q1	\$31.0	69.2
	FY19 Q2	\$30.4	68.7
	FY19 Q3	\$32.7	69.0
	FY19 Q4	\$29.5	69.0
	Total FY19	\$29.5	69.0
Outstanding Forwards	FY20 Q1	\$30.3	69.9
	FY20 Q2	\$26.8	71.4
	FY20 Q3	\$24.2	72.7
	FY20 Q4	\$17.4	73.9
	Total FY20	\$98.6	71.7
	Total FY21	\$18.5	75.7
Total Outstanding		\$146.5	71.7

P&L Comparison: FY19 Q3 vs. FY19 Q2

Figures in INR millions.

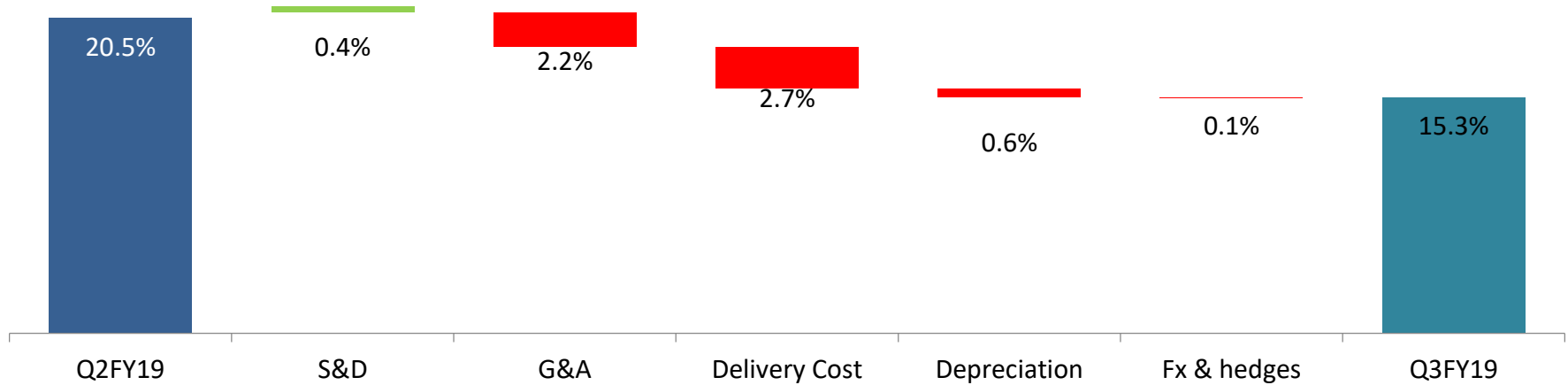
Operating P&L	FY19 Q3	OPR (%)	FY19 Q2	OPR (%)
Operating Revenue	3,576		3,559	
Cost of Revenues				
Delivery and Support Employees Cost	1,830	51.2%	1,730	48.6%
General and Administrative Expenses				
Facilities (Rent and Electricity)	211	5.9%	130	3.6%
Technological Services (Comm., AMC)	107	3.0%	106	3.0%
Admin Services (Transport, HK, Security)	49	1.4%	54	1.5%
Legal and Professional Fees	65	1.8%	55	1.6%
Provision / Written off for Bad Debt	-	0.0%	4	0.1%
CSR & Donation	17	0.5%	24	0.7%
Others	103	2.9%	98	2.7%
Total G&A	552	15.4%	471	13.2%
Selling and Distribution	523	14.6%	527	14.8%
Depreciation and Amortization	123	3.4%	103	2.9%
Total Operating Cost	3,028	84.7%	2,831	79.5%
Operating Profit	548	15.3%	728	20.5%
INR/USD (Avg)	72.04		70.12	
INR/EUR (Avg)	82.22		81.53	
INR/GBP (Avg)	92.70		91.34	

P&L Comparison: FY19 Q3 vs. Avg last 4Q

Figures in INR millions.

Operating P&L	FY19 Q3	OPR (%)	Average Last 4 Qtrs.	OPR (%)	Comments
Operating Revenue	3,576		3,522		3% drop in Hedge rate realization, instead of 6% favorable spot movement
Cost of Revenues					
Delivery and Support Employees Cost	1,830	51.2%	1,678	47.6%	Staff utilisation drop by 70 bps and onshore revenue share increase by 300 bps
General and Administrative Expenses					
Facilities (Rent and Electricity)	211	5.9%	156	4.4%	Overlapping Pune facility cost, shall decreased by 40 mm in Q1FY20
Technological Services (Comm., AMC)	107	3.0%	98	2.8%	
Admin. Services (Transport, HK, Security)	49	1.4%	43	1.2%	
Legal and Professional Fees	65	1.8%	69	2.0%	
Provision / Written off for Bad Debt	-	0.0%	6	0.2%	
CSR & Donation	17	0.5%	19	0.5%	
Others	103	2.9%	73	2.1%	
Total G&A	552	15.4%	465	13.2%	
Selling and Distribution	523	14.6%	547	15.5%	Lower BD staff cost
Depreciation and Amortization	123	3.4%	113	3.2%	Pune consolidation effect
Total Operating Cost	3,028	84.7%	2,804	79.6%	
Operating Profit	548	15.3%	718	20.4%	

OPM Bridging Analysis: Q-o-Q FY19 Q3 vs. FY19 Q2



- Delivery cost higher due to new upfront investments in onshore delivery
- S&D lower due to lower BD cost in the quarter
- Higher G&A due to one off costs in Pune facilities project
- Depreciation increase of ~INR 12 mm Pune Consolidation; effect likely to persist till Q1

Note:

- Bridging analysis in constant currency
- S&D Exp. includes employee cost of onsite business development team

- Total Cash and Cash equivalents of INR 7,219 mm vs INR 6,531 mm for FY'19 Q2;
 - Equivalent to INR 190.1 per share vs INR 172.0 for FY'19 Q2
 - Net operating cash flow in Q3FY'19 is INR 1050.6 mm vs INR 937.0 mm in FY'19 Q2
 - Capex during FY'19 Q2 is INR 76.8 mm vs INR 64.4 mm in FY'19 Q2
- EPS
 - Q3 Basic: INR 10.27; Diluted: INR 10.25
- Current book value per share of INR 347.02 vs. INR 333.97 FY'19 Q2
- Sintetik Italy merged with CLX Italy effective Jan 1st 2019

ESOP Trust

- Total no. of shares held 834,460; Average cost per share 1245.37

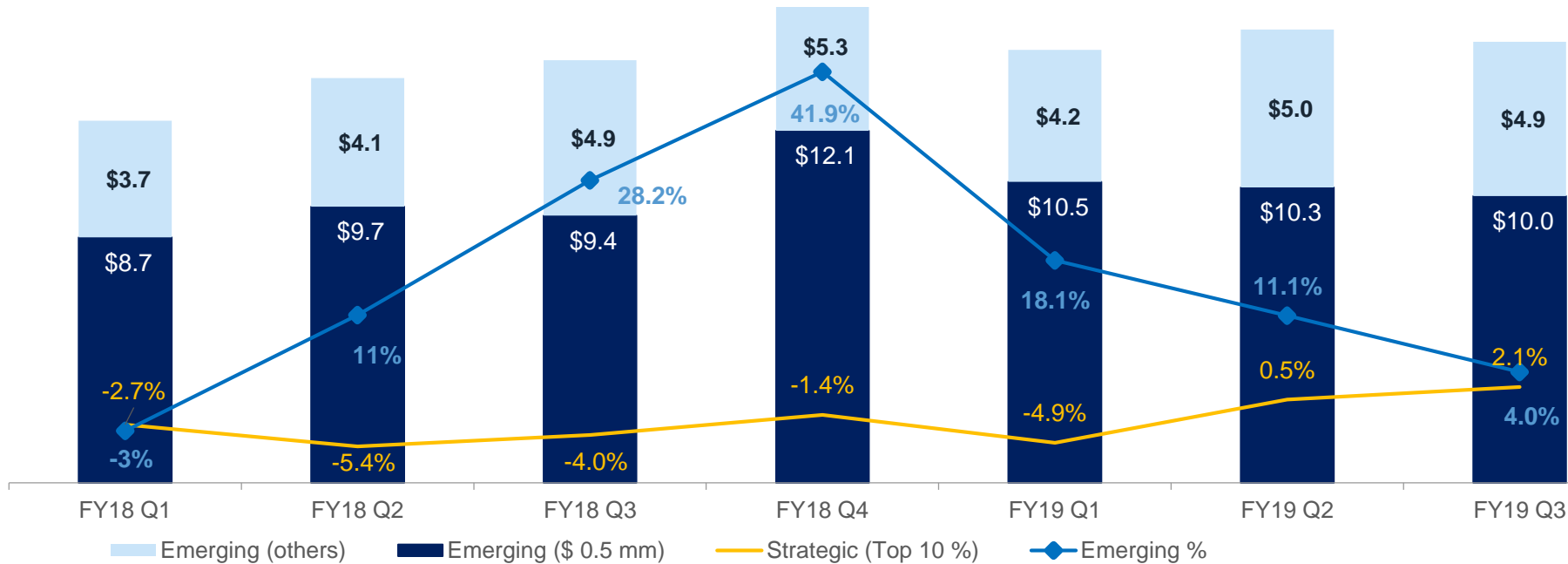
CSR Update

- Spent INR 52.0 mm for existing and new projects till Q3FY19 related to India
- Areas covered: Health, Education, Skills development
- Total Life touched / benefited ~22k

Key Business Metrics

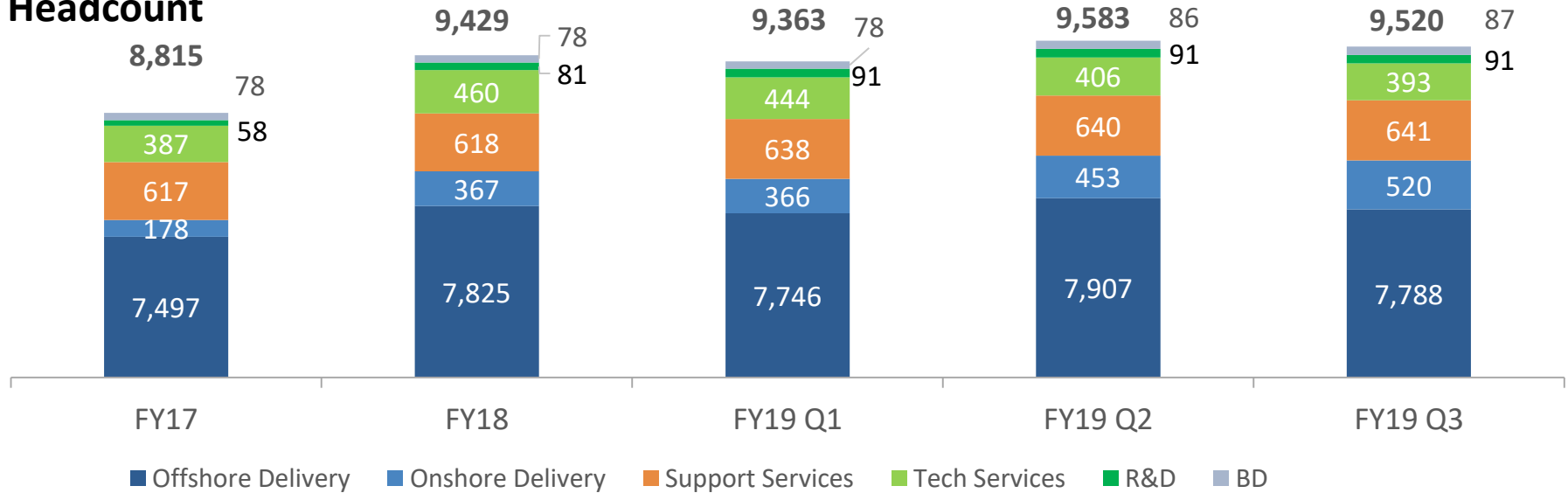
Metrics		FY 19 Q3	FY 19 Q2	FY 19 Q1	FY 18 Q4	FY 18 Q3	FY 18 Q2	FY 18 Q1	FY 17 Q4	FY 17 Q3	FY 17 Q2	FY 17 Q1
Revenue Growth (%)	USD	0.3%	1.6%	-6.2%	7.4%	1.2%	-0.9%	1.9%	1.5%	-3.5%	-2.6%	-1.1%
	Constant Currency	0.7%	2.2%	-5.7%	6.5%	1.1%	-1.8%	1.4%	1.6%	-2.6%	0.8%	-1.6%
Currency Contribution (%)	USD	82%	82%	82%	79%	83%	82%	84%	84%	75%	73%	72%
	EURO	9%	10%	10%	13%	10%	10%	9%	10%	17%	19%	19%
	GBP	7%	6%	6%	6%	6%	6%	6%	6%	7%	8%	9%
	Others	2%	2%	2%	2%	1%	2%	1%	0%	1%	0%	0%
Geographic Concentration	North America	64%	64%	64%	59%	65%	65%	69%	67%	69%	68%	66%
	Europe	29%	29%	28%	35%	28%	29%	26%	28%	27%	29%	30%
	ROW	7%	7%	7%	6%	7%	6%	5%	5%	4%	3%	4%
Debtors (including unbilled)	DSO	85 days	89 days	93 days	89 days	81 days	81 days	88 days	85 days	78 days	74 days	80 days
Client Concentration	Top 10 contribution	70%	70%	70%	67%	71%	71%	75%	74%	76%	75%	74%
Billing Mix	Managed Services	27%	26%	23%	27%	22%	21%	20%	18%	15%	15%	14%
	Onshore revenue	23%	22%	22%	23%	19%	18%	15%	14%	13%	14%	13%
Staff Utilization (Delivery)		71.9%	72.5%	72.4%	72.4%	72.9%	73.8%	76.8%	76.0%	78.5%	69.4%	68.7%
Client Contribution* (based on 12 month accrued revenue)	US\$ 500k+ Clients	16	17	19	17	16	14	14	14	15	18	18
	US\$ 1mm+ Clients	19	18	16	17	16	17	17	18	18	17	18
	US\$ 5mm+ Clients	7	7	7	6	6	6	6	6	6	7	7
Seat Count		8,908	8,914	8,900	8,919	8,904	8,926	8,941	9,035	9,023	8,632	8,626

*Other smaller currencies, geographies and client contribution not shown

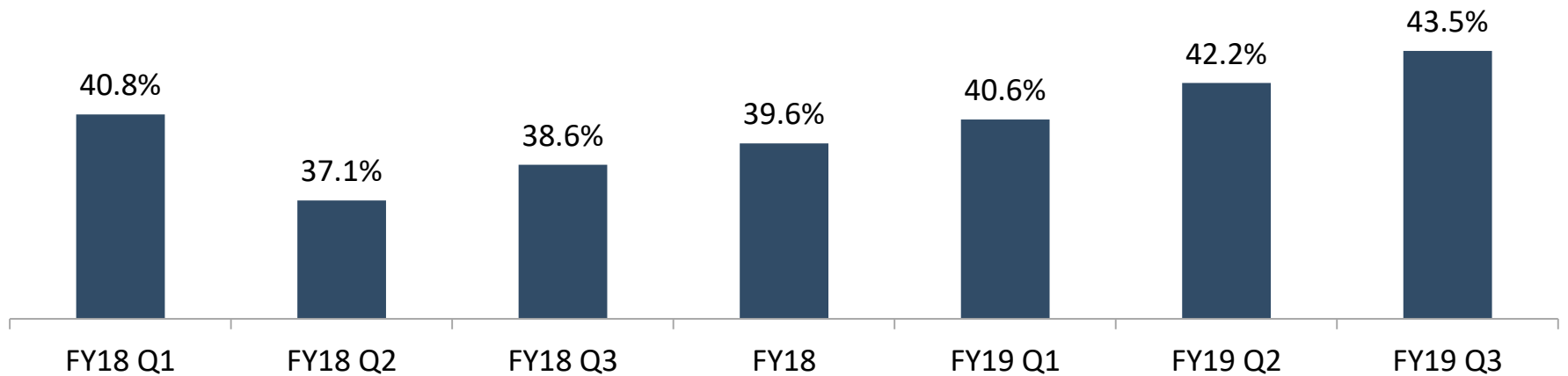


- Strategic (Top 10) clients Y-o-Y increase of 2.1% in USD & 2.2% in CC
- Emerging client Y-o-Y growth in USD by 4.0% and 7.0% in CC
 - Two of the 1mm+ emerging clients had change of control leading to revenue pressure

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

Figures in INR millions.

Particulars	Dec 31, 2018	March 31, 2018	% of Change
Shareholder's Funds			
Capital	379	381	(1%)
Minority Interest	6	5	14%
Reserves and Surplus	12,801	11,666	10%
Total Shareholder's Funds	13,186	12,053	9%
Application of Funds			
Fixed Assets	3,469	3,435	1%
Deferred Tax Assets (net)	122	(31)	(495%)
Net Current Assets & Investments (Liquid)	9,594	8,649	11%
Total Application of Funds	13,186	12,053	9%

Metrics		FY19 Q3	FY19 Q2	FY19 Q1	FY18 Q4	FY18 Q3
Revenue	OPG revenue (USD mm)	50.2	50.2	49.2	52.5	48.9
	OPG revenue (INR mm)	3,576	3,559	3,519	3,611	3,399
	Total revenue (INR mm)	3,752	3,752	3,704	3,781	3,405
Profit	OPM (INR mm)	548	728	690	676	778
	EBITDA (INR mm)	667	1,024	968	975	911
	Operating EBITDA (INR mm)	671	831	783	805	904
	Net profit (INR mm)	390	699	602	644	575
Margin	OPM (%)	15.3%	20.5%	19.6%	18.7%	22.9%
	EBITDA (%)	18.7%	27.3%	26.1%	27.0%	26.8%
	Operating EBITDA (%)	18.8%	23.4%	22.3%	22.3%	26.6%
	Net profit (%)	10.9%	18.6%	16.2%	17.0%	16.9%

P&L Comparison – Quarterly View

Figures in INR millions.

Operating P&L	FY19 Q3	OPR (%)	FY19 Q2	OPR (%)	FY19 Q1	OPR (%)	FY18 Q4	OPR (%)	FY18 Q3	OPR (%)
Operating Revenue	3,576		3,559		3,519		3,611		3,399	
Cost of Revenues										
Delivery and Support Employees Cost	1,830	51%	1,730	49%	1,725	49%	1,712	47%	1,547	46%
General and Administrative Expenses										
Facilities (Rent and Electricity)	211	6%	130	4%	168	5%	168	5%	159	5%
Technological Services (Communications, AMC)	107	3%	106	3%	91	3%	97	3%	99	3%
Administrative Services (Transport, HK, Security)	49	1%	54	2%	44	1%	41	1%	35	1%
Legal and Professional Fees	65	2%	55	2%	76	2%	86	2%	58	2%
Provision / Written off for Bad Debt	-	0%	4	0%	(0)	0%	22	1%	-	0%
CSR & Donation	17	0%	24	1%	12	0%	20	1%	20	1%
Others	103	3%	98	3%	66	2%	60	2%	68	2%
Total G&A	552	15%	471	13%	457	13%	495	14%	439	13%
Selling and Distribution*	523	15%	527	15%	554	16%	600	17%	509	15%
Depreciation and Amortization	123	3%	103	3%	93	3%	129	4%	126	4%
Total Operating Cost	3,028	85%	2,831	80%	2,830	80%	2,935	81%	2,620	77%
Operating Profit	548	15%	728	20%	690	20%	676	19%	778	23%

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