

eClerx Investor Relations

Financial Performance – Q1FY24

Aug 9th, 2023

Financial Summary

Metrics		FY24 Q1	Q-o-Q	Y-o-Y
Revenue	OPG revenue (USD mm)	\$83.9	-2.0%	5.5%
	OPG revenue (INR mm)	6,845	-1.2%	10.8%
	Total revenue (INR mm)	6,920	-0.9%	8.2%
Profit	EBITDA (INR mm)	1,750	-17.4%	-6.4%
	EBIT (INR mm)*	1,465	-18.6%	-9.6%
	Net profit (INR mm)	1,063	-19.8%	7.2%
Margin	EBITDA (%)	25.3%	-506 bps	-394 bps
	EBIT (%)	21.2%	-461 bps	-416 bps
	Net profit (%)	15.4%	-361 bps	-14 bps

* EBIT includes other income and excludes rental interest under IND AS116

- Q1 YoY Constant currency (CC) growth by 5.5%; QoQ CC de-growth of 2.2%
- Contributors to EBITDA drop:
 - Wage hikes (impact over 50%)
 - Hiring in S&D team
 - Lower drop of 270 bps in same period last year as other income was up
- Q2 outlook: expect to recover most of the de-growth of Q1
- Expect full year margin to be slightly below the lower end of target range

Other Income

Figures in INR millions.

Other Income	FY24 Q1	FY23 Q4	FY23 Q3	FY23 Q2	FY23 Q1
Investment Income	52.3	68.6	66.1	42.8	26.0
Revaluation Income*	-0.0	-42.2	49.0	153.4	180.5
Others	22.7	26.1	62.7	12.5	12.6
Total	75.0	52.5	177.8	208.7	219.1

* Gain / Loss regrouped as other income/expenses based on profit or loss position in the press release financials

- Lease modification impact of Airoli consolidation considered in other income INR 8.9 mm in Q1
- **Revaluation and Realised Gain**
 - USD/INR FY24 Q1 Exit: 82.06 vs. FY23 Q4 Exit: 82.17
 - EUR/INR FY24 Q1 Exit: 89.54 vs. FY23 Q4 Exit: 89.28
 - GBP/INR FY24 Q1 Exit: 104.33 vs. FY23 Q4 Exit: 101.57

Hedge Updates

Current Hedge Status

- Total outstanding hedges now \$206.4 mm at average INR 83.68/\$; 100% forwards

Contract	Year	Currency	Amount (mm)	Avg. Rate (INR)
Matured Forwards	FY23 Q2		\$37.3	77.9
	FY23 Q3		\$40.8	78.8
	FY23 Q4		\$41.7	79.7
	Total FY23	USD	\$159.0	78.6
	FY24 Q1		\$41.7	80.8
Outstanding Forwards	FY24 Q2		\$41.7	81.8
	FY24 Q3		\$45.0	83.0
	FY24 Q4		\$33.3	83.8
	Total FY24	USD	\$120.0	82.8
	FY25Q1		\$36.0	84.3
	FY25Q2		\$24.0	84.9
	FY25Q3		\$15.6	85.4
	FY25Q4		\$7.2	85.9
	Total FY25	USD	\$82.8	84.8
	FY26Q1		\$3.6	86.2
	Total FY26		\$3.6	86.2
Total Outstanding		USD	\$206.4	83.68

P&L Comparison

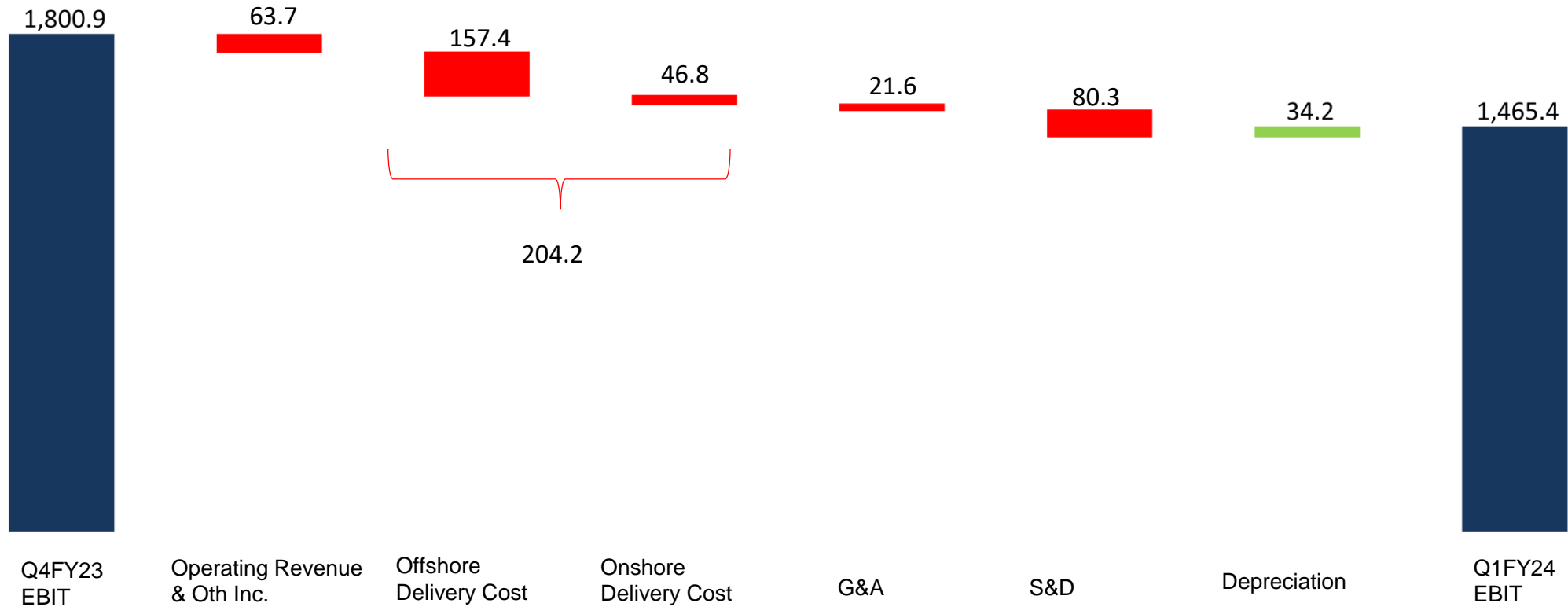
Figures in INR millions.

Operating P&L	FY24 Q1	OPR (%)	FY23 Q4	OPR (%)
Operating Revenue \$	83.9		85.6	
Total Revenue*	6,920		6,984	
Operating Revenue	6,845		6,931	
Cost of Revenues				
Delivery and Support Employees Cost	3,664	53.5%	3,460	49.9%
General and Administrative Expenses				
Facilities (Rent and Electricity)	110	1.6%	109	1.6%
Technological Services (Communications, AMC)	144	2.1%	134	1.9%
Administrative Services (Transport, HK, Security)	70	1.0%	61	0.9%
Legal and Professional Fees	103	1.5%	85	1.2%
Provision / Written off for Bad Debt	-1	0.0%	4	0.1%
CSR & Donation	18	0.3%	13	0.2%
Others	169	2.5%	186	2.7%
Total G&A	614	9.0%	592	8.5%
Selling and Distribution	892	13.0%	812	11.7%
EBITDA	1,750	25.3%	2,119	30.3%
Depreciation and Amortization (Inc. rent as per IND AS116)	284	4.2%	319	4.6%
EBIT	1,465	21.2%	1,801	25.8%

* Forex Gain / Loss and gain / loss on sale of tangible assets regrouped as other income/expenses in the press release financials

QoQ EBIT Bridge

Figures in INR millions



- Operating revenue down 1.2% qoq
- Delivery Cost: up 5.9%, primarily due to increments
- G&A: Increase due to overlap of 2 floors in Airoli for 2m, higher return to office %, recruitment-related spend
- S&D: Higher marketing spend, hiring in BD team

Note:

- S&D Exp. includes employee cost of onsite business development team

Balance Sheet & Other Updates

- Total Cash and Cash Equivalents of INR 7,911 mm for Q1 FY24 vs INR 6,563 mm for Q4 FY23
 - Equivalent to INR 164.7 per share Q1 FY24 vs INR 136.6 for Q4 FY23
 - Net operating cash flow in Q1 FY24 is INR 1,226.6 mm vs INR 1,649.2 mm in Q4 FY23
 - EBITDA conversion at 70.1% for Q1 FY24 vs 77.4% in Q4 FY23
 - Capex during Q1 FY24 is INR 351 mm vs INR 95 mm in Q4 FY23
- EPS
 - Q1 Basic: 22.12 INR ; Diluted: 21.82 INR
- Current book value per share Q1 FY24 INR 384.7 vs. INR 357.0 Q4 FY23
- CSR Update
 - CSR spend of INR 18.4 mm for existing and new projects in Q1 FY24.
 - Areas covered: Education, Skills development, Health
 - Total lives touched / benefited ~ 4.6 k

Key Business Metrics

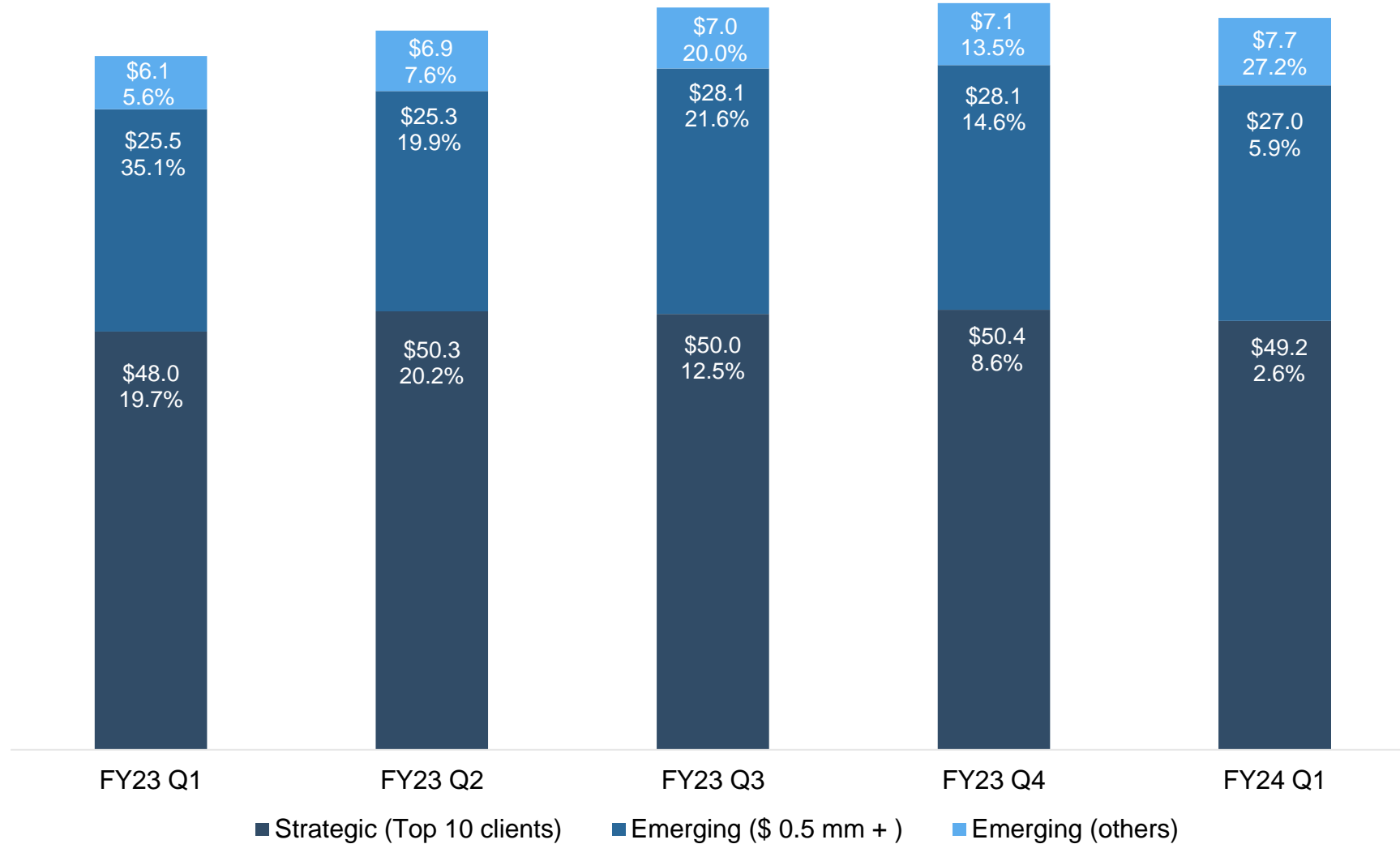
Metrics		FY24 Q1	FY23 Q4	FY23 Q3	FY23 Q2	FY23 Q1	FY22 Q4	FY22 Q3	FY22 Q2
Currency Contribution (%) *	USD	82%	83%	82%	83%	82%	81%	80%	80%
	EURO	10%	10%	10%	9%	10%	11%	11%	10%
	GBP	3%	3%	3%	3%	3%	3%	4%	5%
	Others	5%	4%	5%	5%	5%	5%	5%	5%
Geographic Concentration *	North America	72%	71%	71%	72%	70%	69%	70%	69%
	Europe	20%	20%	20%	20%	22%	23%	23%	24%
	ROW	8%	9%	9%	8%	8%	8%	7%	7%
Debtors (including unbilled)	DSO (days)	75	80	82	75	72	75	66	65
Client Concentration	Top 10 contribution	59%	59%	59%	61%	60%	60%	61%	60%
Billing Mix	BPaaS [§]	25%	26%	25%	24%	25%	27%	26%	24%
	Onshore Revenue	18%	18%	19%	20%	21%	20%	19%	20%
Staff Utilization (Delivery) #		74.7%	74.5%	74.4%	73.5%	73.1%	78.5%	78.7%	78.2%
Client Contribution (based on TTM revenue)	US\$ 500k-1mm Clients	39	32	31	27	32	25	18	23
	US\$ 1mm-3mm Clients	24	27	24	26	21	23	25	20
	US\$ 3mm ++ Clients	18	18	17	16	16	16	16	16
Offshore Seat Count		11,808	11,278	11,278	11,278	10,582	11,039	11,039	11,039

*Other smaller currencies, geographies and client contribution not shown

[§] Updated classification of BPaaS revenue, and applied from FY22 Q2 onwards. The older mapping would also have resulted in a 1% drop QoQ (from 29% to 28%), and a 1% increase YoY (from 27% to 28%)

Staff utilization numbers revised from FY23 Q1

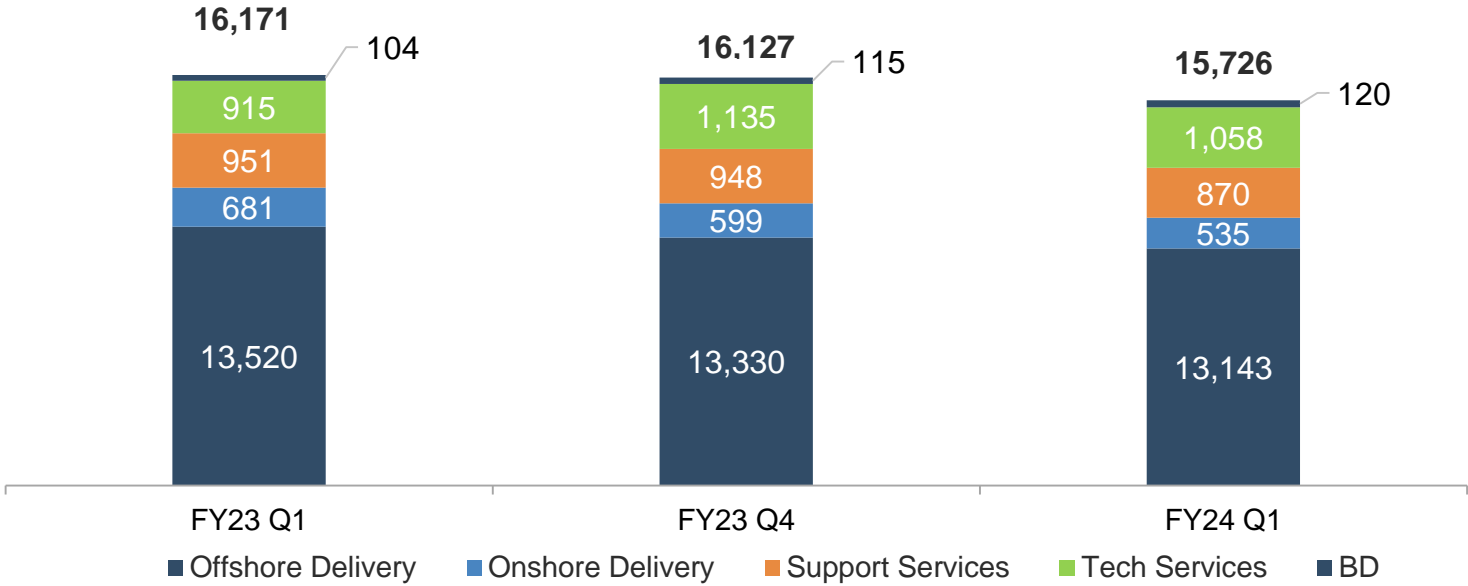
Revenue Mix Trends (\$mm)



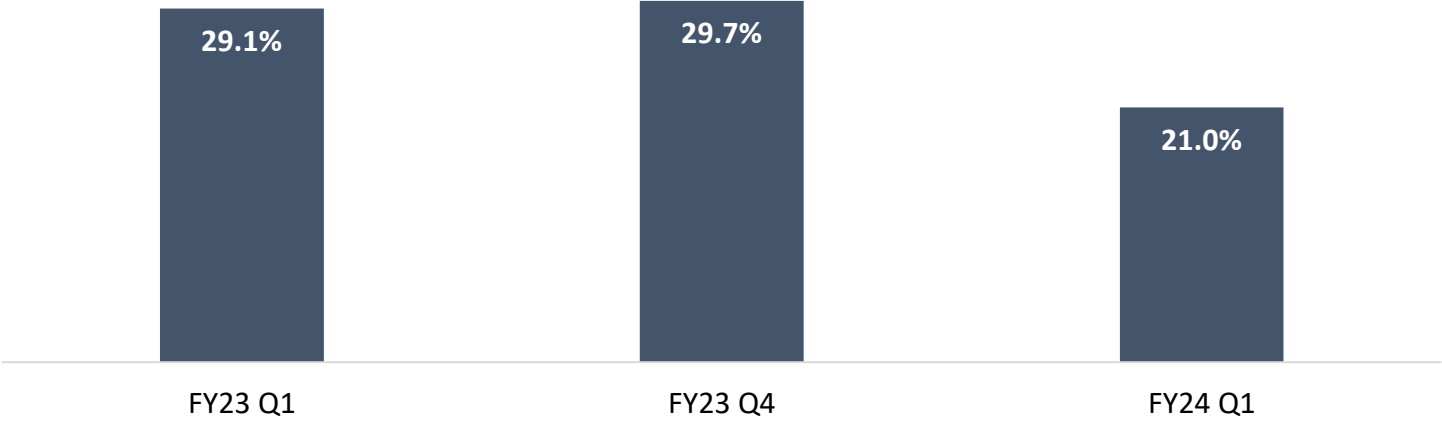
% Growth is measured at quarterly YoY level

Human Resources Update

Headcount*



Offshore Voluntary Attrition^



Thank You

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