



## *Financial Performance FY13 Q3*

*January 25, 2013*



eClerx – An ISO/IEC 27001:2005, CMMI Level 3 Certified Company, Omniture Certified Partner, Member of Web Analytics Assoc. & Shop.org

# Financial Summary



Metrics		FY13 Q3	Q-o-Q	YTD FY13	Y-o-Y
Revenue	Total revenue (INR mm)	1,698	19%	4,711	26%
	OPG revenue (INR mm)	1,708	6%	4,862	41%
	OPG revenue (USD mm)	31.3	5%	89.3	24%
Profit	EBITDA (INR mm)	658	59%	1,709	0%
	OPM (INR mm)	595	13%	1,671	25%
	Net profit (INR mm)	490	95%	1,234	-5%
Margin	EBITDA (%)	39%	10%	36%	-9%
	OPM (%)	35%	2%	34%	-4%
	Net profit (%)	29%	11%	26%	-9%
EPS	Basic	16.7	94%	42.1	-6%
	Diluted	16.2	94%	40.9	-5%

- USD revenues up 5% Q-o-Q (4.5% in constant currency)
  - About half this growth came from short term projects which have since been completed
- Operating margins at 34.8% for the quarter vs. 32.4% in the last quarter

# Other Income Analysis



Figures in INR millions.

Other Income	FY13 Q3	FY13 Q2	FY13 Q1	YTD FY13
Income from Investment	17	20	26	63
Hedge Gain / (Loss)	(92)	(120)	(82)	(293)
Revaluation Gain / (Loss)	65	(88)	102	79
<b>Total</b>	<b>(10)</b>	<b>(187)</b>	<b>46</b>	<b>(151)</b>

▪ **Income from Investment** - Reduced marginally due to

- Lower investable amount due to dividend payout in Sep'12
- Yield from investment dropped by 1-2%

▪ **Hedge Gain / (Loss)**

- \$16 mm hedges matured in Q3 vs \$19 mm in Q2
- Average loss on hedge maturity of INR 5.7 per USD in Q3 vs INR 6.0 in Q2

▪ **Revaluation Gain / (Loss)** – Depreciation of INR drove a INR 6 crores gain in translation compared to a INR 9 crores loss from a appreciating currency in Q2

- Translation impact on FX bank balances (including sums in escrow) and debtors
- Total FX assets of ~USD 30 mm underwent a translation gain of up to INR 2.1 per USD

# Other Updates



## Current Hedge Status

- Total outstanding hedges now \$63.7 mm at average INR 53.3/\$
  - 2.0 times last quarter revenue vs. average of 3.5 times in preceding 4 quarters
  - 97% forwards, 3% options
- We will continue to layer in additional hedges slowly

Contract	Year	Currency	Amount (mm)	Average Rate (INR)
Forward	FY13	USD	\$ 13.5	49.5
		Euro	€ 3.0	69.5
	<b>Total FY13 – Equiv USD</b>		<b>\$ 17.5</b>	<b>50.2</b>
	FY14	USD	\$ 36.5	54.6
		Euro	€ 5.9	71.4
	<b>Total FY14 – Equiv USD</b>		<b>\$ 44.2</b>	<b>54.6</b>
<b>Put Option</b>	FY14	USD	\$ 2.0	52.5

Note: EUR / USD taken at 1.32

- Total Cash and Cash equivalents of INR 1,882 mm excluding escrow; zero debt on balance sheet
  - Equivalent to INR 63.6 per share
- Trailing 12 months EPS
  - Basic: INR 52.7; Diluted: INR 51.0
- Current Book value per share of INR 162 vs. INR 144 last quarter end

## Facilities update

- Chandigarh new facility to become operational by Q4 end
  - Equalized rent and partial maintenance charges started from Q3
  - India wide seat capacity to reach ~5,800
- New York office expansion to be completed by Feb12
  - Equalized rent charges started from Q3

# P&L Comparison: FY13 Q3 vs. FY13 Q2



Figures in INR millions.

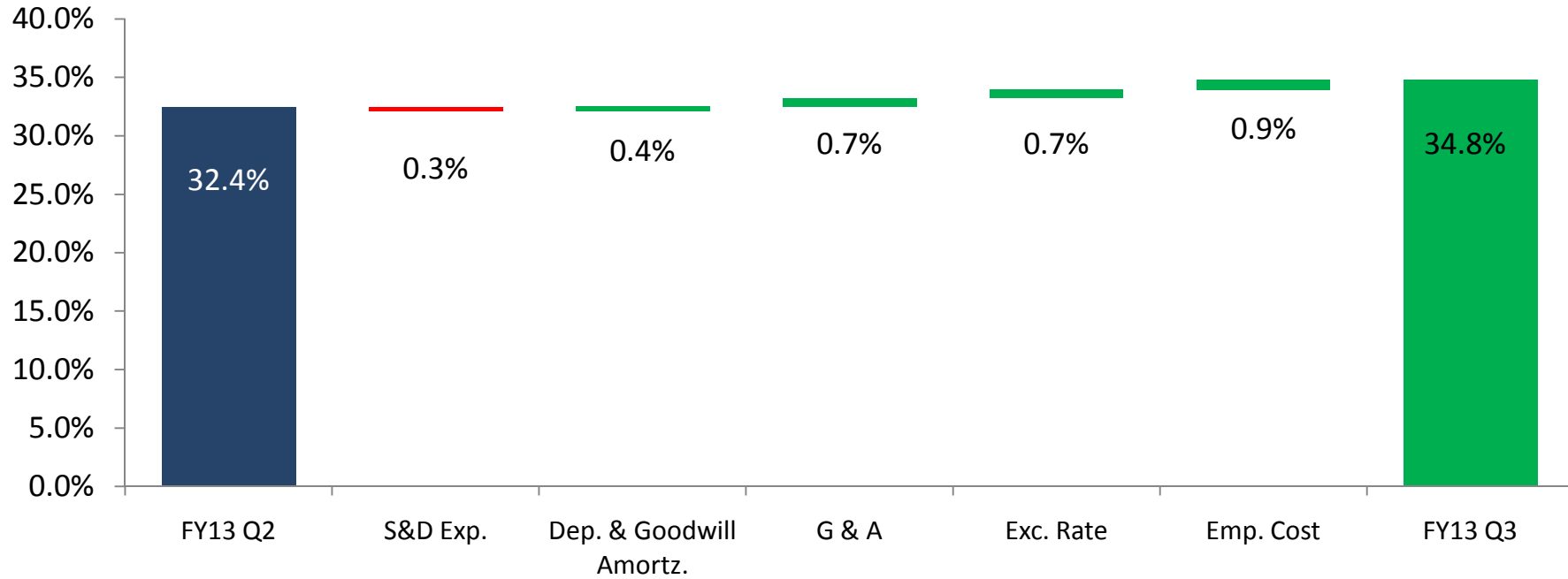
<b>Operating P&amp;L</b>	<b>FY13 Q3</b>	<b>OPR (%)</b>	<b>FY13 Q2</b>	<b>OPR (%)</b>
Operating Revenue	1,707.9		1,617.0	
<b>Cost of Revenues</b>				
Employee Cost	578.4	33.9%	567.7	35.1%
<b>General &amp; Administrative Expenses</b>				
Rent	70.6	4.1%	58.6	3.6%
Communication Expenses	11.4	0.7%	19.9	1.2%
Legal and Professional Fees	21.9	1.3%	29.8	1.8%
Electricity	20.7	1.2%	17.0	1.0%
Conveyance	14.0	0.8%	19.2	1.2%
Provision for Bad Debt	-	0.0%	-	0.0%
Others	57.1	3.3%	54.6	3.4%
<b>Total G&amp;A</b>	<b>195.6</b>	<b>11.5%</b>	<b>199.1</b>	<b>12.3%</b>
<b>Selling and Distribution*</b>	<b>265.7</b>	<b>15.6%</b>	<b>248.9</b>	<b>15.4%</b>
<b>Depreciation, Interest and Amortization</b>	<b>73.5</b>	<b>4.3%</b>	<b>77.0</b>	<b>4.8%</b>
<b>Total Operating Cost</b>	<b>1,113.1</b>	<b>65.2%</b>	<b>1,092.7</b>	<b>67.6%</b>
<b>Operating Profit</b>	<b>594.7</b>	<b>34.8%</b>	<b>524.3</b>	<b>32.4%</b>

FY13 Q3 average exchange rate INR 54.49/\$, INR 70.82/€; Dec 2012 end INR 54.78/\$, INR 72.26/€.

FY13 Q2 average exchange rate INR 53.98/\$, INR 69.10/€; Sep 2012 end INR 52.70/\$, INR 68.15/€.

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

# OPM Bridging Analysis: FY13 Q3 vs. FY13 Q2



**Note:** Bridging analysis is in constant currency; impact of currency movements is shown under exchange rate. S&D Exp. includes employee cost of onsite business development team.

# Revenue Quality

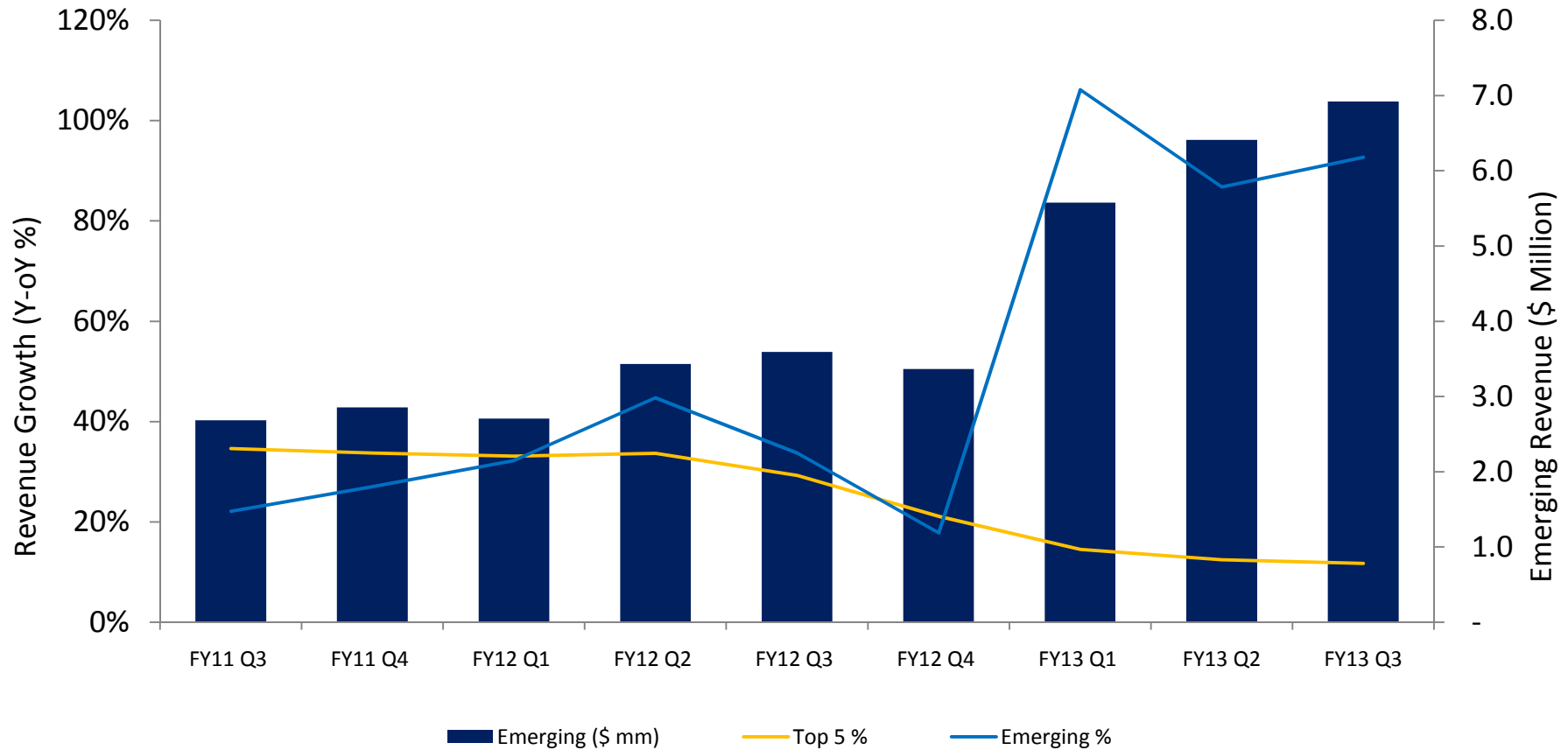


Metrics		FY13 Q3	FY13 Q2	FY13 Q1	FY12 Q4	FY12 Q3
Currency Contribution (%)	USD	82%	83%	83%	79%	80%
	EURO	12%	13%	14%	17%	18%
	GBP	5%	3%	3%	3%	3%
	Other	1%	1%	1%	1%	0%
Geographic Concentration	North America	75%	75%	71%	70%	70%
	Europe	18%	19%	20%	23%	24%
	ROW	7%	6%	9%	7%	6%
Debtors	DSO	31 days	41 days	30 days	29 days	52 days
Client Concentration	Top 5	78%	79%	80%	87%	86%
Billing Mix	FTE	92%	93%	93%	95%	94%
	SEZ Revenue	59%	58%	62%	72%	67%
Staff utilization		69%	68%	68%	72%	72%

- 7 new clients added in FY13 Q3 (vs 4 in FY13 Q2 & 8 in Q1)
- 60 clients contributed to revenues in FY13 Q3
  - 2/3<sup>rd</sup> of these are Billion dollar companies; contributed to 98% of FY13 Q3 revenue
- Slow yet consistent reduction in client concentration



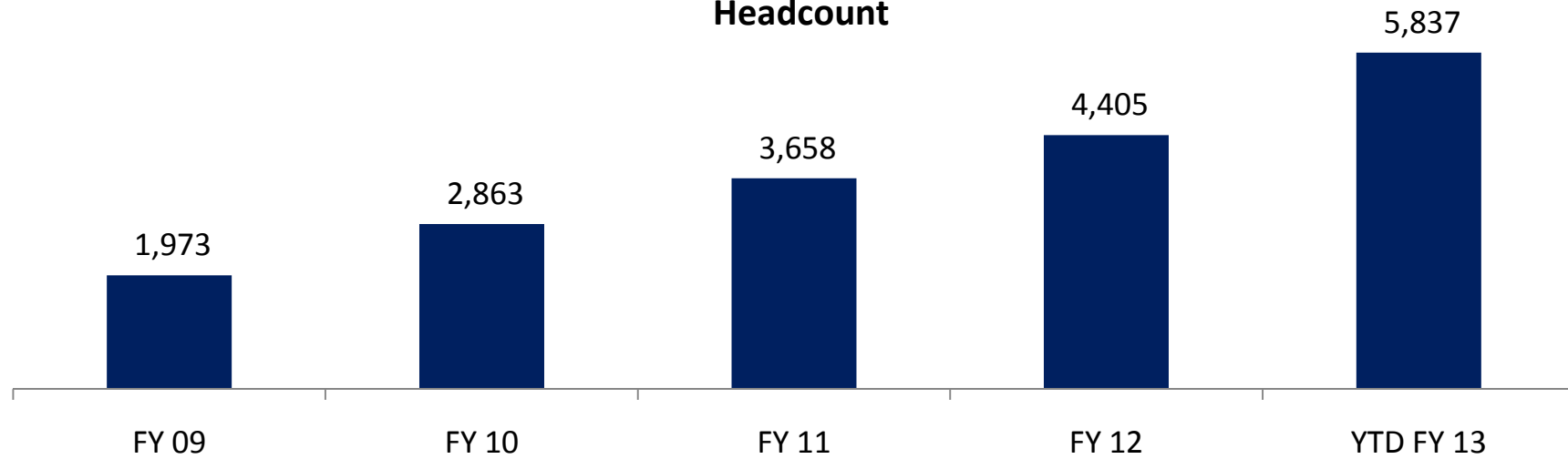
# Revenue Mix Trends



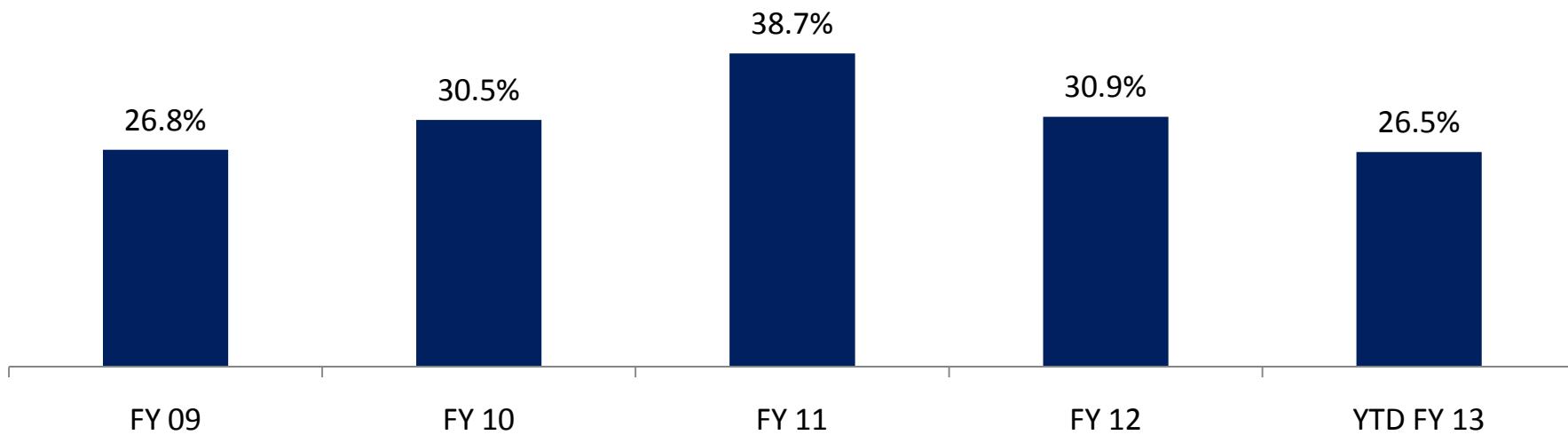
- Emerging Y-o-Y growth rates better than strategic in 6 out of last 8 quarters
- Revenue from Top 5 clients is 78% against 79% in last quarter.



## Headcount



## Attrition



# A Look Ahead



- Cost reduction is the consistent theme across our businesses
  - However, each business has some unique opportunities and challenges
  - Specialization and speed are in demand along with offshore low cost execution
- Cable and Telco Services
  - Likely to be fastest growing business in near term
  - Competition and pressure on subscriber revenue => cost reduction pressure
  - High ROI services increase customer satisfaction + reduce servicing cost => High adoption rate
- Sales and Marketing Services
  - Large investments in online => continued demand for digital services
  - Reflecting in Emerging client portfolio growth
  - However, tech clients face large event risk => impact on services yet unknown
- Financial Services
  - Regulation reducing investment banking appeal => move towards low risk businesses
  - OTC / structured business => our reliance has reduced, but expect volatility while other services ramp
  - Cheap INR strengthens captive positions; regulators encouraging India de-concentration
- Net-Net
  - Anticipate organic growth to remain soft; and greater QQ volatility
  - Pricing stable and expected to remain so
  - Onshore team now right sized – will maintain investment in client-centricity and industry relevance

## Thank You

*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.*

# Balance Sheet Abstract



Particulars	December 31, 2012	September 30, 2012	% of Change
<b>Shareholder's Funds</b>			
Capital	295.8	293.8	1%
Reserves and Surplus	4,493.8	3,948.1	14%
<b>Total Shareholder's Funds</b>	<b>4,789.6</b>	<b>4,241.9</b>	<b>13%</b>
<b>Application of Funds</b>			
Fixed Assets	1,355.0	1,342.7	1%
Deferred Tax Assets (net)	3.3	2.4	39%
Net Current Assets & Investments (Liquid)	3,431.3	2,896.8	18%
<b>Total Application of Funds</b>	<b>4,789.6</b>	<b>4,241.9</b>	<b>13%</b>

Figures in INR millions.

# Financial Summary – Quarterly View



	Metrics	FY13 Q3	FY13 Q2	FY13 Q1	FY12 Q4	FY12 Q3	FY12 Q2	FY12 Q1	FY11 Q4
Revenue	Total Revenue (INR mm)	1,698	1,430	1,583	1,224	1,382	1,277	1,069	1,029
	OPG Revenue (INR mm)	1,708	1617	1537	1276	1320	1137	996	955
	OPG Revenue (USD mm)	31.3	29.8	28.1	25.5	25.4	24.3	22.3	21.1
Profit	EBITDA (INR mm)	658	414	636	416	660	582	463	475
	OPM (INR mm)	595	524	552	427	563	412	367	374
	Net Profit (INR mm)	490	252	493	304	499	442	352	295
Margin	EBITDA (%)	39%	29%	40%	34%	48%	46%	43%	46%
	OPM (%)	35%	32%	36%	33%	43%	36%	37%	39%
	Net Profit (%)	29%	18%	31%	25%	36%	35%	33%	29%
EPS	Basic	16.7	8.6	16.9	10.5	17.3	15.3	12.2	10.3
	Diluted	16.2	8.4	16.4	10.1	16.6	14.7	11.7	9.8

# Revenue Quality – Quarterly View



Metrics		FY13 Q3	FY13 Q2	FY13 Q1	FY12 Q4	FY12 Q3	FY12 Q2	FY12 Q1	FY11 Q4
Currency Concentration (%)	USD	82%	83%	83%	79%	80%	77%	74%	75%
	EURO	12%	13%	14%	17%	18%	19%	21%	21%
	GBP	5%	3%	3%	3%	3%	3%	3%	3%
	Other	1%	1%	1%	1%	0%	1%	2%	1%
Geographic Concentration	North America	75%	75%	71%	70%	70%	65%	61%	61%
	Europe	18%	19%	20%	23%	24%	26%	31%	32%
	ROW	7%	6%	9%	7%	6%	9%	8%	7%
Debtors	DSO	31days	41 days	30 days	29 days	52 days	76 days	67 days	59 days
Client Concentration	Top 5	78%	79%	80%	87%	86%	86%	88%	86%
Billing Mix	FTE	92%	93%	93%	95%	94%	95%	93%	90%
	SEZ Revenue	59%	58%	62%	72%	67%	64%	66%	62%
Staff utilization		69%	68%	68%	72%	72%	71%	67%	71%

# P&L Comparison – Quarterly View



Operating P&L	FY13 Q3	OPR (%)	FY13 Q2	OPR (%)	FY13 Q1	OPR (%)	FY12 Q4	OPR (%)	FY12 Q3	OPR (%)	FY12 Q2	OPR (%)	FY12 Q1	OPR (%)	FY11 Q4	OPR (%)
Operating Revenue	1,708		1,617		1,537		1,276		1,320		1,137		996		955	
<b>Cost of Revenues</b>																
Employee Cost	578	34%	568	35%	510	33%	419	33%	404	31%	395	35%	366	37%	309	32%
<b>General &amp; Administrative Expenses</b>																
Rent	71	4%	59	4%	59	4%	53	4%	46	3%	40	3%	40	4%	39	4%
Communication Expenses	11	1%	20	1%	22	1%	16	1%	21	2%	18	2%	23	2%	19	2%
Legal and Professional Fees	22	1%	30	2%	83	5%	37	3%	23	2%	28	2%	16	2%	40	4%
Electricity	21	1%	17	1%	15	1%	12	1%	12	1%	12	1%	10	1%	6	1%
Conveyance	14	1%	19	1%	14	1%	10	1%	15	1%	12	1%	10	1%	12	1%
Provision for Bad Debt	0	0%	0	0%	0	0%	3	0%	0	0%	0	0%	0	0%	-1	0%
Others	57	3%	55	3%	45	3%	56	4%	43	3%	44	4%	28	3%	32	3%
<b>Total G&amp;A</b>	<b>196</b>	<b>11%</b>	<b>199</b>	<b>12%</b>	<b>238</b>	<b>15%</b>	<b>187</b>	<b>15%</b>	<b>161</b>	<b>12%</b>	<b>153</b>	<b>13%</b>	<b>127</b>	<b>13%</b>	<b>146</b>	<b>15%</b>
<b>Selling and Distribution*</b>	<b>266</b>	<b>16%</b>	<b>249</b>	<b>15%</b>	<b>199</b>	<b>13%</b>	<b>202</b>	<b>16%</b>	<b>158</b>	<b>12%</b>	<b>147</b>	<b>13%</b>	<b>112</b>	<b>11%</b>	<b>99</b>	<b>10%</b>
<b>Depreciation, Interest and Amortization</b>	<b>74</b>	<b>4%</b>	<b>77</b>	<b>5%</b>	<b>38</b>	<b>2%</b>	<b>40</b>	<b>3%</b>	<b>34</b>	<b>3%</b>	<b>31</b>	<b>3%</b>	<b>24</b>	<b>2%</b>	<b>27</b>	<b>3%</b>
<b>Total Operating Cost</b>	<b>1,113</b>	<b>65%</b>	<b>1,093</b>	<b>68%</b>	<b>985</b>	<b>64%</b>	<b>849</b>	<b>67%</b>	<b>757</b>	<b>57%</b>	<b>726</b>	<b>64%</b>	<b>629</b>	<b>63%</b>	<b>582</b>	<b>61%</b>
<b>Operating Profit</b>	<b>595</b>	<b>35%</b>	<b>524</b>	<b>32%</b>	<b>552</b>	<b>36%</b>	<b>427</b>	<b>33%</b>	<b>563</b>	<b>43%</b>	<b>412</b>	<b>36%</b>	<b>367</b>	<b>37%</b>	<b>374</b>	<b>39%</b>

Figures in INR millions.

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