



## Financial Performance Q1 FY15



Data | Domain | Delivery

July 31, 2014



# Financial Summary



Metrics		FY15 Q1	Q-o-Q	Y-o-Y
Revenue	Total revenue (INR mm)	2,183	1%	9%
	OPG revenue (INR mm)	2,174	0%	14%
	OPG revenue (USD mm)	36.2	2%	10%
Profit	EBITDA (INR mm)	809	-12%	-10%
	OPM (INR mm)	694	-18%	-1%
	Net profit (INR mm)	534	-17%	-13%
Margin	EBITDA (%)	37%	-6%	-8%
	OPM (%)	32%	-7%	-5%
	Net profit (%)	24%	-5%	-6%
EPS	Basic (INR)	17.7	-18%	-14%
	Diluted (INR)	17.3	-17%	-15%

- USD revenue up 2.0% Q-o-Q (1.9% in constant currency); YoY 9.9%
- OPM at 32% & Net profit at 24.5% mainly due to increase in Salary, S&M cost and depreciation
- INR 86 mm impact due to adoption of AS30 for hedge accounting and INR 26 mm due to change in depreciation rules
  - OPM and PAT would be 33.1% and 28.6% respectively excluding above changes

# Other Income FY15 Q1 vs. FY14 Q4



Other Income	FY15 Q1	FY14 Q4	FY14 Q3	FY14 Q2
Investment & Other Income	59.1	46.7	30.8	33.5
Hedge Gain / (Loss)	(43.6)	(18.0)	(48.3)	(125.7)
Revaluation and Realised Gain	(6.2)	(39.1)	23.8	98.6
<b>Total</b>	<b>9.3</b>	<b>(10.4)</b>	<b>6.4</b>	<b>6.4</b>

June'14 exit – INR 60.09/\$ & INR 82.01/Euro

Figures in INR million

- Higher investible surplus and increase in yield in Q1 due to which Investment income have improved
- **Fx Hedges**
  - \$17.0 mm hedges matured @ 60.61/\$ in Q1 vs. average spot of 59.96
  - \$20.4 mm hedges matured @ 58.94/\$ in Q4 vs. average spot of 60.95
- **Revaluation and Realised Gain**
  - USD/INR Q1 exit : 60.09 vs. Q4 exit : 60.10

# Hedge Updates



## Current Hedge Status

- Total outstanding hedges now \$86.3 mm at average INR 65.5/\$; 100% forwards
  - 2.4 times last quarter revenue vs. average of 2.8 times in preceding 4 quarters; likely to remain between 2.4 – 3.0

Contract	Year	Currency	Amount (mm)	Average Rate (INR)
Forwards	FY15	USD	\$45.1	64.7
		Euro	€ 5.9	80.9
	Total FY15 Q2– Equiv USD		\$19.0	63.4
	Total FY15 H2– Equiv USD		\$34.1	64.2
	<b>Total FY15 – Equiv USD</b>		<b>\$53.1</b>	<b>63.9</b>
	FY16	USD	\$26.7	68.1
		Euro	€ 3.7	93.6
		<b>Total FY16 – Equiv USD</b>		<b>\$31.7</b>
	FY17	USD	\$1.2	68.8
		Euro	€ 0.2	95.3
<b>Total FY17 – Equiv USD</b>		<b>\$1.4</b>	<b>69.0</b>	

Note: EUR / USD taken at 1.36

- Early adoption of AS30 for hedge accounting in line with the evolving accounting standards
  - Likely to reduce P&L volatility once complete hedge book transitions to AS30
- Impact of INR 54.3 mm (Loss) on hedges booked prior to AS30 adoption has been reflected in other income
  - MTM gain of INR 142 mm (on contracts booked prior to April 14)
  - Reversal of accrued premium INR 197 mm
  - Future MTM of hedges booked prior to April 14 will continue to flow into P&L until maturity

# Balance Sheet & Other Updates



- Total Cash and Cash equivalents of INR 3,794 mm before dividend; zero debt
- Equivalent to INR 125.3 per share; INR 84.3 post dividend
- Trailing 12 months EPS
  - Basic: INR 82.3; Diluted: INR 80.6
- Current book value per share of INR 212.9 vs. INR 195.2 last quarter

## Facility Update

- Majority of new Airoli space now operational as per the consolidation plan

## Accounting

- S.R. Batliboi & Associates LLP appointed as Statutory Auditor for FY15
- Adopted AS30 for hedge accounting from FY15 in line with evolving accounting standards; MTM impact in Other Income for hedges booked prior to April 14
- Other changes proposed in Companies Act 2013 implemented (depreciation, CSR)

# P&L Comparison: FY15 Q1 vs. FY14 Q4

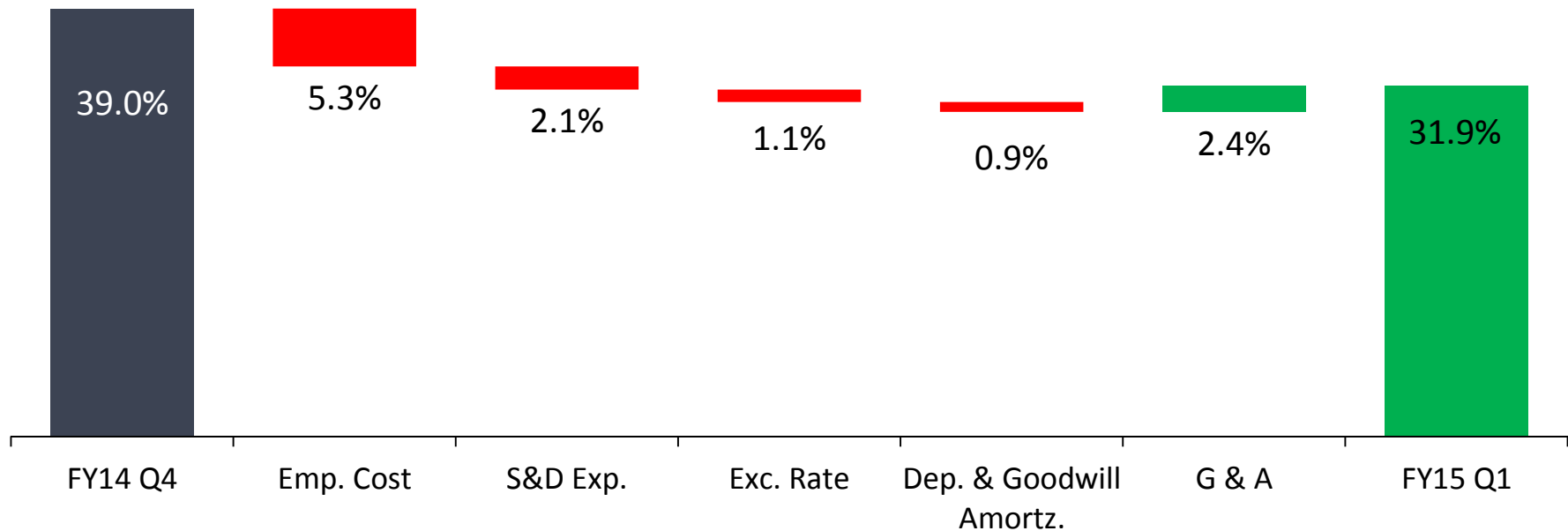


Figures in INR millions.

Operating P&L	FY15 Q1	OPR (%)	FY14 Q4	OPR (%)
Operating Revenue	2,173.8		2,169.4	
<b>Cost of Revenues</b>				
Employee Cost	785.1	36.1%	656.3	30.3%
<b>General and Administrative Expenses</b>				
Rent	76.2	3.5%	82.2	3.8%
Communication Expenses	26.4	1.2%	35.8	1.6%
Legal and Professional Fees	35.3	1.6%	39.8	1.8%
Electricity	20.5	0.9%	16.1	0.7%
Conveyance	10.3	0.5%	10.8	0.5%
Provision / Written off for Bad Debt	–	0.0%	0.9	0.0%
Others	62.2	2.9%	92.8	4.3%
<b>Total G&amp;A</b>	<b>230.9</b>	<b>10.6%</b>	<b>278.2</b>	<b>12.8%</b>
<b>Selling and Distribution*</b>	<b>358.1</b>	<b>16.5%</b>	<b>305.6</b>	<b>14.1%</b>
<b>Depreciation, Interest and Amortization</b>	<b>105.3</b>	<b>4.8%</b>	<b>83.5</b>	<b>3.9%</b>
<b>Total Operating Cost</b>	<b>1,479.4</b>	<b>68.1%</b>	<b>1,323.7</b>	<b>61.0%</b>
<b>Operating Profit</b>	<b>694.4</b>	<b>31.9%</b>	<b>845.7</b>	<b>39.0%</b>
<b>Avg Exchange Rate</b>				
INR/USD	59.80		61.78	
INR/EUR	82.03		84.64	

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

# OPM Bridging Analysis: FY15 Q1 vs. FY14 Q4



- Increase in employee cost of 530 bps is contributed by regular wage hike (270 bps), special hikes (150 bps) and utilization change (110 bps)
- S&D increase of 210 bps largely due to increase in travel ; Likely to move back to historical average

**Note:** Bridging analysis is in constant currency; impact of currency movements on revenue is shown as Exc. Rate; S&D Exp. includes employee cost of onsite business development team.

# Key Business Metrics



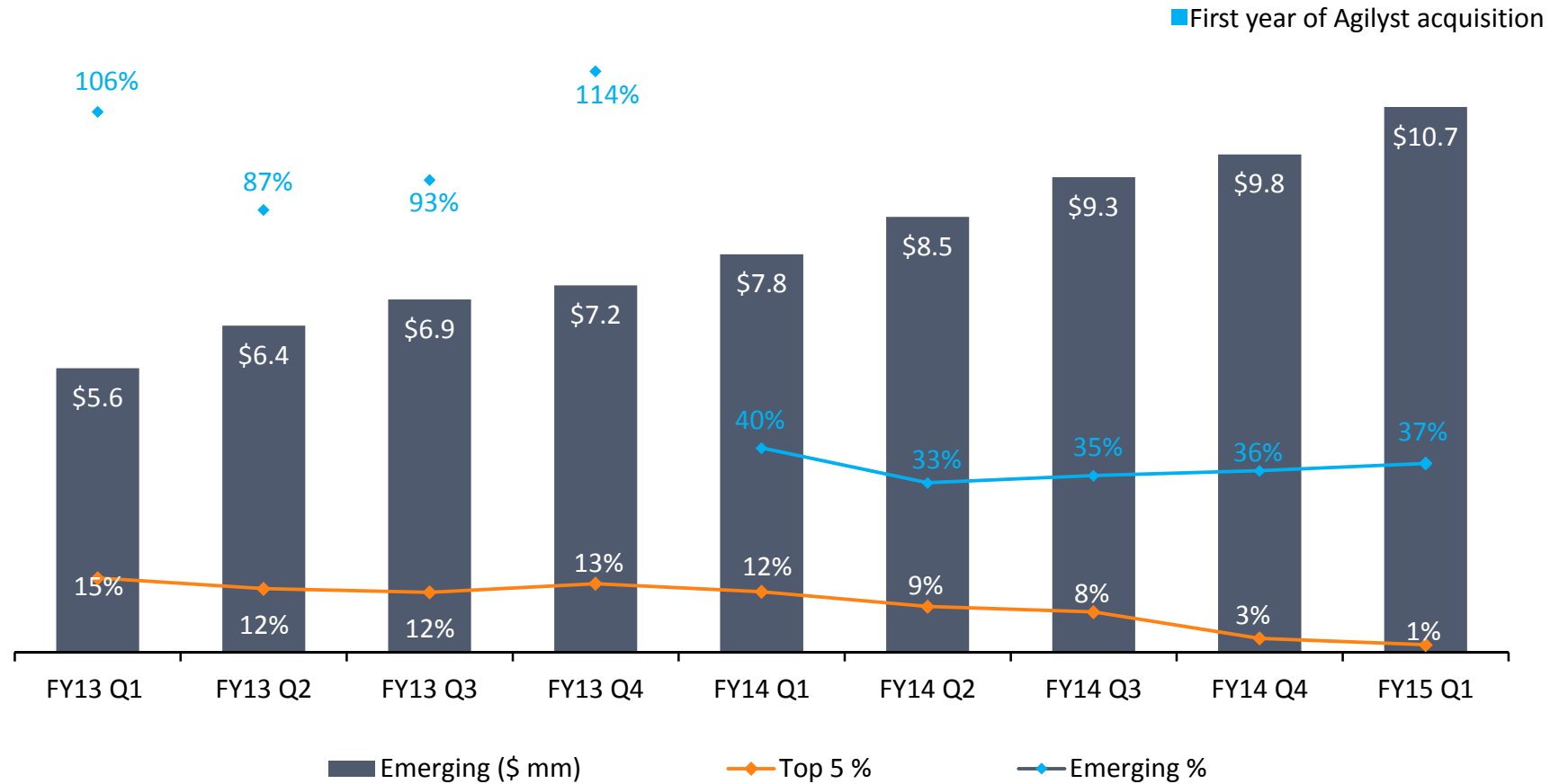
Metrics		FY15 Q1	FY14 Q4	FY14 Q3	FY14 Q2	FY14 Q1
Currency Contribution (%)	USD	81%	80%	81%	81%	81%
	EURO	14%	14%	14%	14%	15%
	GBP	5%	5%	5%	4%	3%
Geographic Concentration	North America	73%	74%	74%	74%	74%
	Europe	22%	22%	21%	21%	21%
Debtors	DSO	41 days	38 days	33 days	41 days	35 days
Client Concentration	Top 5 contribution	71%	73%	74%	75%	76%
	New client added	4	4	2	5	5
	Client Billed	65	64	64	65	61
Billing Mix	FTE	94%	94%	95%	95%	94%
	SEZ Revenue	61%	60%	60%	60%	60%
Staff Utilization		61%	64%	66%	65%	66%

\* Other smaller currencies and geographies not shown

- Lower utilization due to ramp-up of CTS; Likely to improve through the year



# Revenue Mix Trends

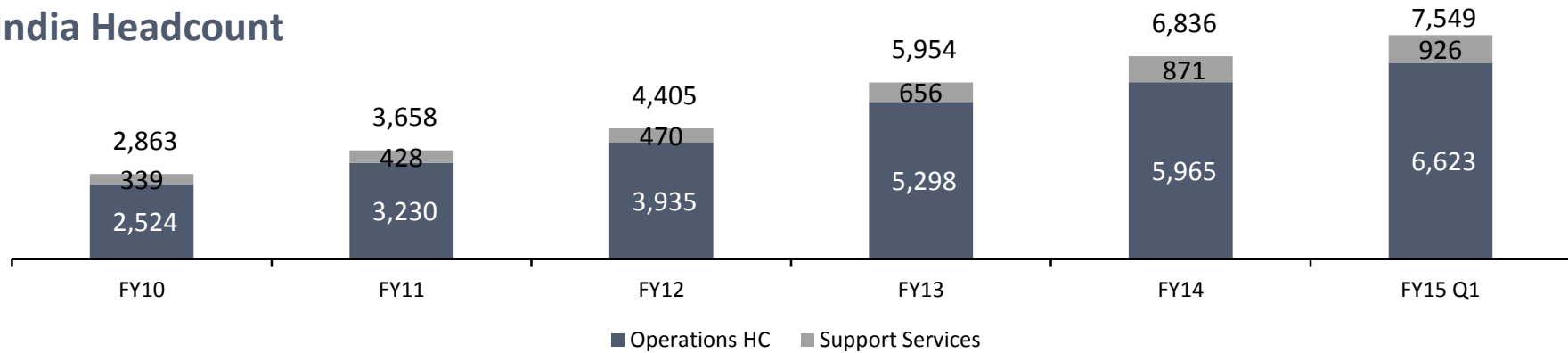


- Revenue growth YoY: Top 5 – 1%, Emerging – 37%
- Emerging revenue has continued to outpace growth of strategic clients in line with firm strategy

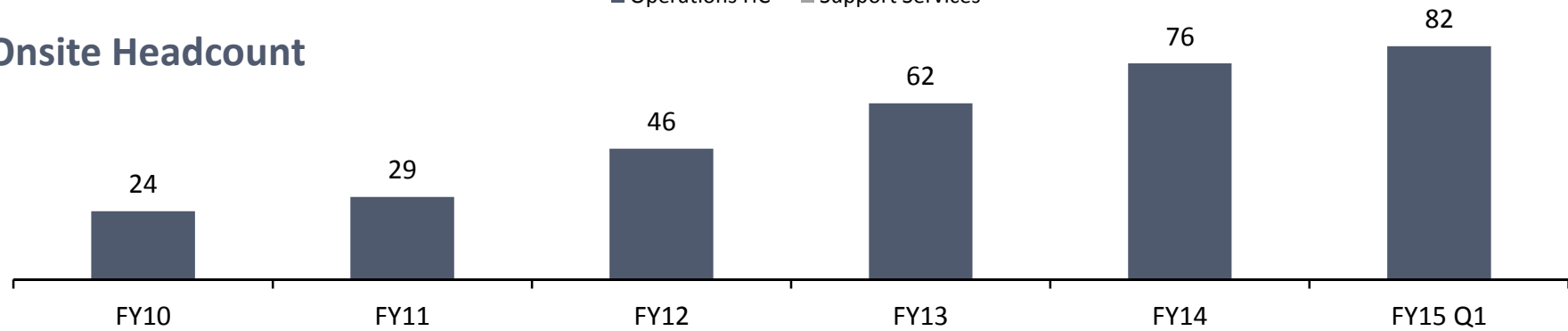
# Human Resources Update



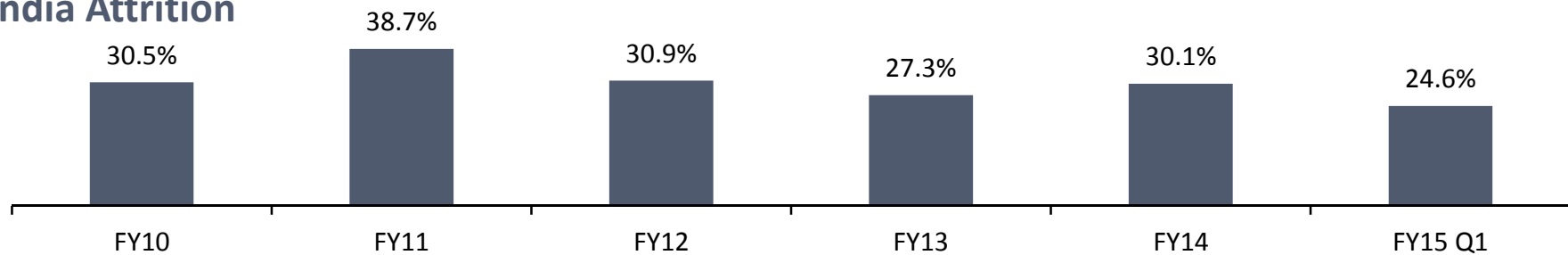
## India Headcount



## Onsite Headcount



## India Attrition



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Thank You

# Balance Sheet Abstract



Figures in INR millions.

Particulars	June 30, 2014	March 31, 2014	% of Change
<b>Shareholder's Funds</b>			
Capital	302.9	301.8	0.4%
Reserves and Surplus	6,146.2	5,587.8	10%
<b>Total Shareholder's Funds</b>	<b>6,449.1</b>	<b>5,889.5</b>	<b>10%</b>
<b>Application of Funds</b>			
Fixed Assets	1,640.2	1,559.5	5%
Deferred Tax Assets (net)	21.0	18.3	15%
Net Current Assets and Investments (Liquid)	4,787.9	4,311.7	11%
<b>Total Application of Funds</b>	<b>6,449.1</b>	<b>5,889.5</b>	<b>10%</b>

# Financial Summary – Quarterly View



Metrics		FY15 Q1	FY14 Q4	FY14 Q3	FY14 Q2	FY14 Q1
Revenue	Total Revenue (INR mm)	2,183	2,159	2,202	2,152	2,007
	Opg Revenue (INR mm)	2,174	2,169	2,195	2,146	1,899
	Opg Revenue (USD mm)	36.2	35.5	35.7	34.1	33.0
Profit	EBITDA (INR mm)	809	919	894	934	898
	OPM (INR mm)	694	846	805	854	701
	Net Profit (INR mm)	534	645	623	672	617
Margin	EBITDA	37%	43%	41%	43%	45%
	OPM	32%	39%	37%	40%	37%
	Net Profit	24%	30%	28%	31%	31%
EPS	Basic	17.7	21.5	20.8	22.4	20.6
	Diluted	17.3	20.9	20.3	22.1	20.4

# P&L Comparison – Quarterly View



Figures in INR millions.

Operating P&L	FY15 Q1	OPR	FY14 Q4	OPR	FY14 Q3	OPR	FY14 Q2	OPR	FY14 Q1	OPR
Operating Revenue	2,174		2,169		2,195		2,146		1,899	
<b>Cost of Revenues</b>										
Employee Cost	785	36%	656	30%	721	33%	701	33%	665	35%
<b>General and Administrative Expenses</b>										
Rent	76	4%	82	4%	78	4%	78	4%	73	4%
Communication Expenses	26	1%	36	2%	26	1%	20	1%	25	1%
Legal and Professional Fees	35	2%	40	2%	35	2%	47	2%	25	1%
Electricity	20	1%	16	1%	21	1%	20	1%	16	1%
Conveyance	10	0%	11	0%	11	0%	11	1%	13	1%
Provision for Bad Debt	–	0%	1	0%	–	0%	–	0%	–	0%
Others	62	3%	93	4%	76	3%	56	3%	48	3%
<b>Total G&amp;A</b>	<b>231</b>	<b>11%</b>	<b>278</b>	<b>13%</b>	<b>248</b>	<b>11%</b>	<b>231</b>	<b>11%</b>	<b>200</b>	<b>11%</b>
<b>Selling and Distribution*</b>	<b>358</b>	<b>16%</b>	<b>306</b>	<b>14%</b>	<b>338</b>	<b>15%</b>	<b>286</b>	<b>13%</b>	<b>244</b>	<b>13%</b>
<b>Depreciation, Interest and Amortization</b>	<b>105</b>	<b>5%</b>	<b>84</b>	<b>4%</b>	<b>83</b>	<b>4%</b>	<b>74</b>	<b>3%</b>	<b>90</b>	<b>5%</b>
<b>Total Operating Cost</b>	<b>1,479</b>	<b>68%</b>	<b>1,324</b>	<b>61%</b>	<b>1,390</b>	<b>63%</b>	<b>1,293</b>	<b>60%</b>	<b>1,198</b>	<b>63%</b>
<b>Operating Profit</b>	<b>694</b>	<b>32%</b>	<b>846</b>	<b>39%</b>	<b>805</b>	<b>37%</b>	<b>854</b>	<b>39.8%</b>	<b>701</b>	<b>36.9%</b>

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

# Revenue Quality – Quarterly View



Metrics		FY15 Q1	FY14 Q4	FY14 Q3	FY14 Q2	FY14 Q1	FY13 Q4	FY13 Q3	FY13 Q2
Revenue Growth (%)	USD	2.0%	-0.4%	4.7%	3.4%	2.2%	2.9%	5.0%	NA
	Constant Currency	1.9%	-0.6%	4.0%	3.1%	2.4%	3.6%	4.5%	NA
Currency Concentration (%)	USD	81%	80%	81%	81%	81%	81%	82%	83%
	EURO	14%	14%	14%	14%	15%	15%	12%	13%
	GBP	5%	5%	5%	4%	3%	4%	5%	3%
	Other	0%	1%	0%	1%	1%	0%	1%	1%
Geographic Concentration	North America	73%	74%	74%	74%	74%	74%	75%	75%
	Europe	22%	22%	21%	21%	21%	21%	18%	19%
	ROW	5%	4%	5%	5%	5%	5%	7%	6%
Debtors	DSO	41 days	38 days	33 days	41 days	35 days	33 days	31 days	41 days
Client	Top 5 Contribution	71%	73%	74%	75%	76%	78%	78%	79%
	New Client Added	4	4	2	5	5	6	7	4
	Clients Billed	65	64	64	65	61	61	58	54
Billing Mix	FTE	94%	94%	95%	95%	94%	91%	92%	93%
	SEZ Revenue	61%	60%	60%	60%	60%	60%	59%	58%
Seat Count		7,073	6,391	6,385	6,317	5,954	5,831	5,415	5,369
Staff Utilization		61%	64%	66%	65%	66%	69%	69%	68%