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eClerx



Financial Performance - FY19 Q1
7th August, 2018

	Metrics	FY19 Q1	Q-o-Q	Y-o-Y
Revenue	OPG revenue (USD mm)	49.2	(6%)	1%
	OPG revenue (INR mm)	3,519	(3%)	6%
	Total revenue (INR mm)	3,704	(2%)	9%
Profit	OPM (INR mm)	690	2%	(23%)
	EBITDA (INR mm)	968	(1%)	(11%)
	Operating EBITDA (INR mm)	783	(3%)	(22%)
	Net profit (INR mm)	602	(7%)	(24%)
Margin	OPM (%)	20%	1%	(7%)
	EBITDA (%)	26%	(1%)	(6%)
	Operating EBITDA (%)	22%	0%	(8%)
	Net profit (%)	16%	(1%)	(7%)

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

- Q-o-Q USD revenue and margin decline as exceptional short term revenue of Q4 tapered off
 - Expect trend of YoY \$ revenue increase to continue in near term
- 3rd consecutive quarter with YoY USD revenue increase; after 5 prior quarters with YoY declines
- All margin metrics declined YoY; Absolute OPM increased QoQ; Cost optimization to play out in rest of the FY
- In Q1FY19, company has accounted a total of INR 124.9 mm under SEIS; giving +ve PAT impact of 3.3%
 - INR 40.0 mm pertains to FY19 and INR 84.9 mm pertaining to previous financial years
- Effective Tax rate will increase to ~30% due to completion of 5 and 10 years for various SEZs

Figures in INR millions.

Other Income	FY19 Q1	FY18 Q4	FY18 Q3	FY18 Q2	FY18 Q1
Investment Income	67.5	82.7	69.9	70.3	69.6
Revaluation and Realised Gain	98.3	57.8	(70.8)	55.9	16.9
Other Misc. Income	19.1	29.1	7.1	14.8	(4.9)
Total	184.9	169.6	6.2	141.0	81.6

- Increase in other income primarily due to exchange rate movement
- **Revaluation and Realised Gain**
 - USD/INR FY'19 Q1 Exit: 68.47 vs. FY'18 Q4 Exit: 65.14
 - EUR/INR FY'19 Q1 Exit: 80.05 vs. FY'18 Q4 Exit: 80.28
 - GBP/INR FY'19 Q1 Exit: 90.43 vs. FY'18 Q4 Exit: 91.27

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 \$147.8 mm at average INR 69.3/\$; 100% forwards
 - 3.0 times quarterly revenue vs. average of 2.9 times in preceding 4 quarters

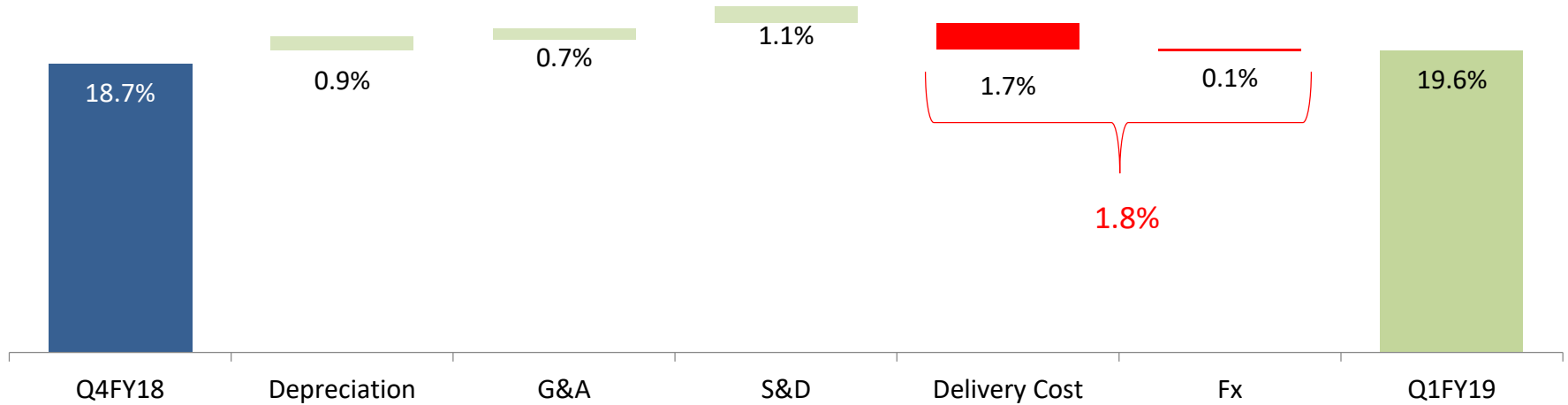
Contract	Year	Amount (mn)	Avg. Rate (INR)
Forwards	Total FY19 Q2	\$30.39	68.7
	Total FY19 H2	\$57.21	68.7
	Total FY19	\$87.60	68.7
	Total FY20 H1	\$41.97	69.6
	Total FY20 H2	\$15.65	71.0
	Total FY20	\$57.62	70.0
	Total FY21 H1	\$2.60	73.2
	Total FY21 H2	-	-
	Total FY21	\$2.60	73.2
	Total USD		\$147.82

P&L Comparison: FY19 Q1 vs. FY18 Q4

Figures in INR millions.

Operating P&L	FY19 Q1	OPR (%)	FY18 Q4	OPR (%)
Operating Revenue	3,519.4		3,611.3	
Cost of Revenues				
Delivery and Support Employees Cost	1,721.7	48.9%	1,711.6	47.4%
General and Administrative Expenses				
Facilities (Rent and Electricity)	168.3	4.8%	168.4	4.7%
Technological Services (Communications, AMC)	91.4	2.6%	97.3	2.7%
Administrative Services (Transport, HK, Security)	43.9	1.2%	40.8	1.1%
Legal and Professional Fees	75.8	2.2%	85.5	2.4%
Provision / Written off for Bad Debt	(0.1)	0.0%	22.0	0.6%
CSR & Donation	12.4	0.4%	20.4	0.6%
Others	65.6	1.9%	60	2%
Total G&A	457.4	13.0%	494.6	13.7%
Selling and Distribution	557.2	15.8%	600.1	16.6%
Depreciation and Amortization	93.5	2.7%	128.6	3.6%
Total Operating Cost	2,829.7	80.4%	2,935.0	81.3%
Operating Profit	689.7	19.6%	676.3	18.7%
INR/USD (Avg)	67.00		64.38	
INR/EUR (Avg)	79.85		79.14	
INR/GBP (Avg)	91.13		89.60	

OPM Bridging Analysis: Q-o-Q FY19 Q1 vs. FY18 Q4



- Wage increase impact of ~200 bps fully baked in Q1
- Delivery cost optimisation improvement efforts in progress
- Depreciation reduction due to annual WDV reinstatement impact

- 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 6,067 mm vs INR 6,002 mm for FY'18 Q4;
 - Equivalent to INR 159.2 per share vs INR 157.3 for FY'18 Q4
 - Net operating cash flow in Q1FY'19 is INR (225.9) mm vs INR 664.6 mm in Q4FY18
 - Capex during FY'19 Q1 is INR 47.8 mm vs INR 60.6 mm in FY'18 Q4
- EPS
 - Q1 Basic: INR 15.77; Diluted: INR 15.72
- Current book value per share of INR 323.05 vs. INR 315.86 FY'18 Q4

Pune Facility Consolidation and Fay expansion

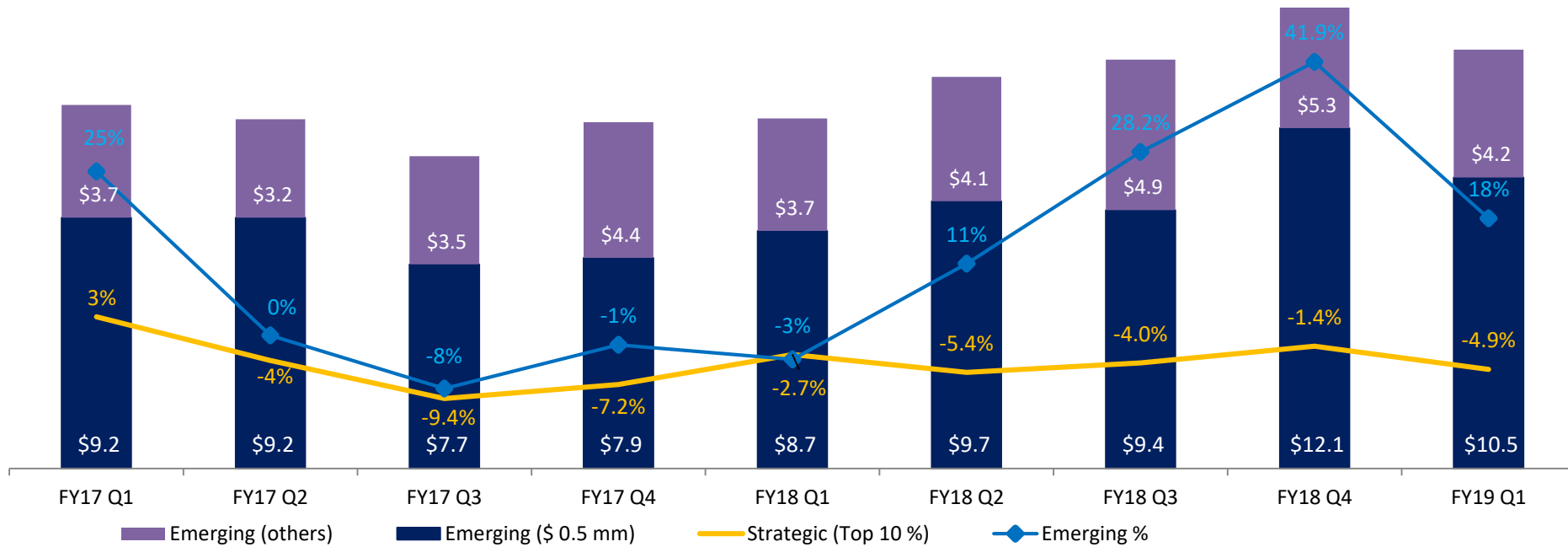
- Proposed Pune plan will increase Area by 18% and seats by 26% (around 780 new seats)
- Annualized Opex savings expected in FY20; Fay capacity to be doubled by Q2 end
- Total Project capex estimated at INR 300 mm

CSR Update

- Spent INR 12.3 mm for existing and new projects in Q1FY'19 related to India
- Areas covered: Health, Education, Skills development
- Total Life touched / benefited ~16k

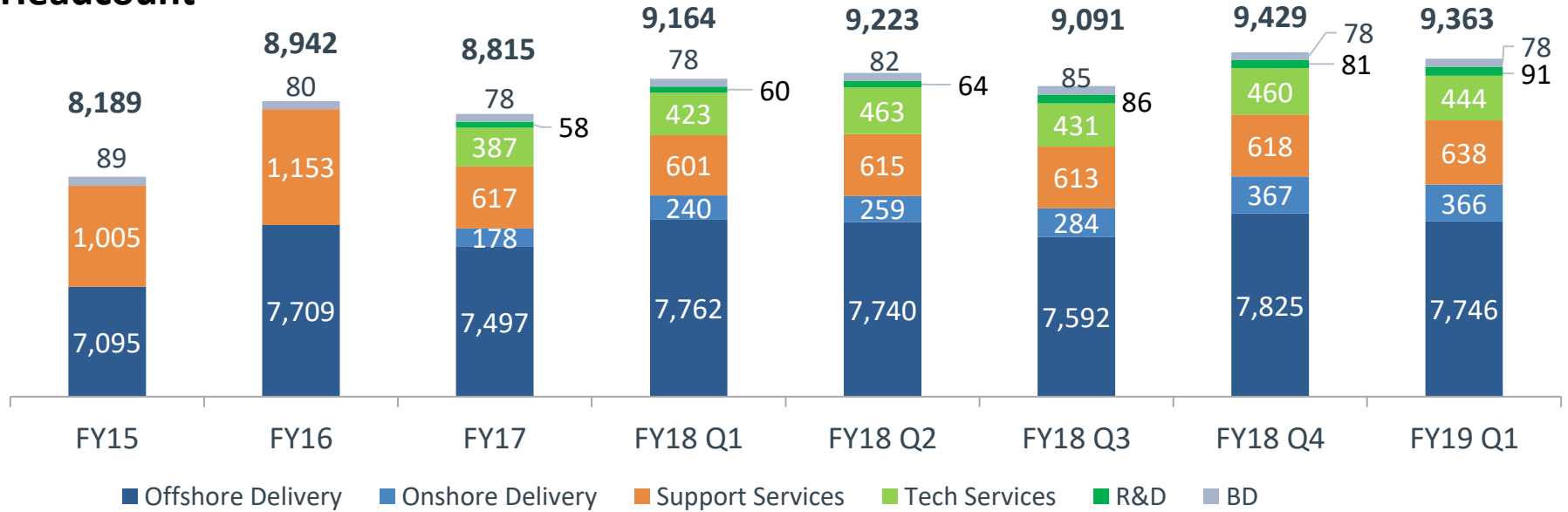
Metrics		FY 19 Q1	FY 18 Q4	FY 18 Q3	FY 18 Q2	FY 18 Q1	FY 17 Q4	FY 17 Q3	FY 17 Q2	FY 17 Q1
Currency Contribution* (%)	USD	82%	79%	83%	82%	84%	84%	75%	73%	72%
	EURO	10%	13%	10%	10%	9%	10%	17%	19%	19%
	GBP	5%	6%	6%	6%	6%	6%	7%	8%	9%
	Others	2%	2%	1%	2%	1%	0%	1%	0%	0%
Geographic Concentration*	North America	64%	59%	65%	65%	69%	67%	69%	68%	66%
	Europe	28%	35%	28%	29%	26%	28%	27%	29%	30%
Debtors (including unbilled)	DSO	93 days	89 days ^{&}	81 days	81 days	88 days	85 days	78 days	74 days	80 days
Client Concentration	Top 10 contribution	70%	67%	71%	71%	75%	74%	76%	75%	74%
Billing Mix	Managed Services	23%	27%	22%	21%	20%	18%	15%	15%	14%
	Onshore revenue	22%	23%	19%	18%	15%	14%	13%	14%	13%
Staff Utilization (Delivery)		71.7%	72.4%	72.9%	73.8%	76.8%	76.0%	78.5%	69.4%	68.7%
Client Contribution*	US\$ 500k+ Clients	19	17	16	14	14	14	15	18	18
(based on 12 month accrued US\$ 1mm+ Clients		16	17	16	17	17	18	18	17	18
revenue)	US\$ 5mm+ Clients	7	6	6	6	6	6	6	7	7

*Other smaller currencies, geographies and client contribution not shown; & Q4 DSO corrected to 89 days

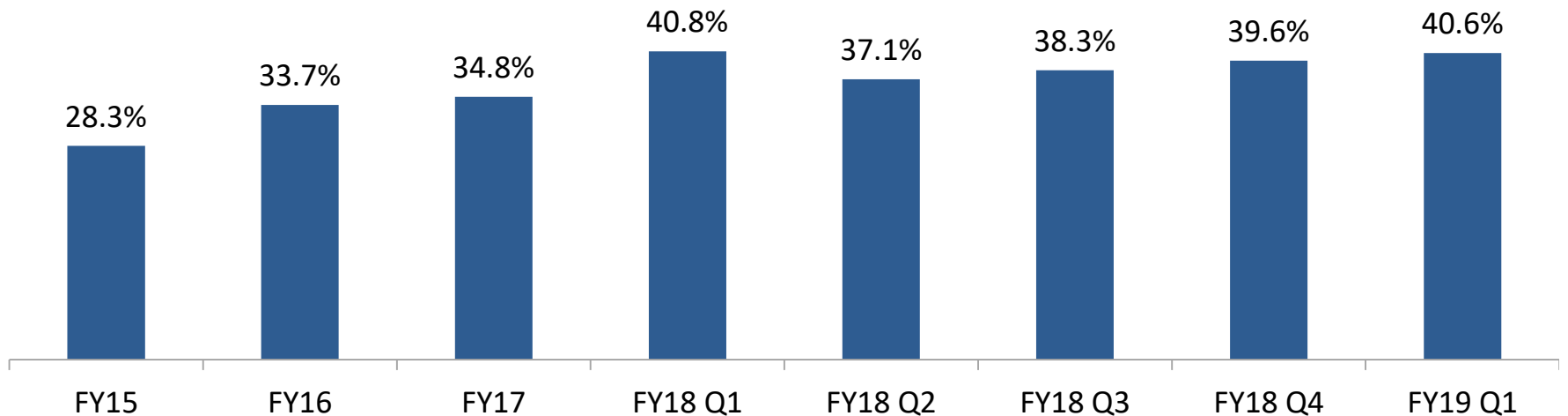


- Strategic (Top 10) clients Y-o-Y drop of -4.9% in USD & -5.2% in CC
 - Increase of 1% in CC after adjusting for the Client loss in FY18Q1
- Emerging client Y-o-Y growth in USD by 18.1% and 15% in CC

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

Figures in INR millions.

Particulars	June 30, 2018	March 31, 2018	% of Change
Shareholder's Funds			
Capital	381	381	(0.1%)
Minority Interest	4	5	(16.7%)
Reserves and Surplus	11,928	11,666	2%
Total Shareholder's Funds	12,313	12,053	2%
Application of Funds			
Fixed Assets	3,403	3,435	(1%)
Deferred Tax Assets (net)	101	(31)	(426%)
Net Current Assets & Investments (Liquid)	8,809	8,649	2%
Total Application of Funds	12,313	12,053	2%

Metrics		FY19 Q1	FY18 Q4	FY18 Q3	FY18 Q2	FY18 Q1	FY17 Q4	FY17 Q3
Revenue	OPG revenue (USD mm)	49.2	52.5	48.9	48.3	48.8	47.9	47.2
	OPG revenue (INR mm)	3,519	3,611	3,399	3,309	3,332	3,315	3,247
	Total revenue (INR mm)	3,704	3,781	3,405	3,450	3,413	3,243	3,359
Profit	OPM (INR mm)	690	676	778	835	895	979	910
	EBITDA (INR mm)	968	975	911	1,095	1,085	1,043	1,156
	Operating EBITDA (INR mm)	783	805	904	954	1,004	1,115	1,043
	Net profit (INR mm)	602	644	575	887	793	750	860
Margin	OPM (%)	20%	19%	23%	25%	27%	29.5%	28%
	EBITDA (%)	26%	27%	27%	33%	33%	32%	34%
	Operating EBITDA (%)	22%	22%	27%	29%	30%	34%	32%
	Net profit (%)	16%	17%	17%	26%	23%	23%	26%
EPS	Basic	15.8	16.5	14.5	22.3	20.0	19.0	21.1
	Diluted	15.7	16.4	14.4	22.2	19.9	18.9	20.8

P&L Comparison – Quarterly View

Figures in INR millions.

Operating P&L	FY19 Q1	OPR (%)	FY18 Q4	OPR (%)	FY18 Q3	OPR (%)	FY18 Q2	OPR (%)	FY18 Q1	OPR (%)
Operating Revenue	3,519		3,611		3,399		3,309		3,332	
Cost of Revenues										
Delivery and Support Employees Cost	1,722	49%	1,712	47%	1,547	46%	1,490	45%	1,432	43%
General and Administrative Expenses										
Facilities (Rent and Electricity)	168	5%	168	5%	159	5%	153	5%	152	5%
Technological Services (Communications, AMC)	91	3%	97	3%	99	3%	95	3%	100	3%
Administrative Services (Transport, HK, Security)	44	1%	41	1%	35	1%	39	1%	49	1%
Legal and Professional Fees	76	2%	86	2%	58	2%	30	1%	47	1%
Provision / Written off for Bad Debt	(0)	0%	22	0%	-	-	-	-	0	0%
CSR & Donation	12	0%	20	1%	20	1%	25	1%	4	0%
Others	66	2%	60	2%	68	2%	63	2%	62	2%
Total G&A	457	13%	495	14%	439	13%	406	12%	414	12%
Selling and Distribution*	557	16%	600	17%	509	15%	459	14%	482	14%
Depreciation and Amortization	93	3%	129	4%	126	4%	119	4%	109	3%
Total Operating Cost	2830	80%	2,935	81%	2,620	77%	2,474	75%	2,437	73%
Operating Profit	690	20%	676	19%	778	23%	835	25%	895	27%

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

Key Business Metrics – Quarterly View

Metrics		FY19 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	-6.2%	7.4%	1.2%	-0.9%	1.9%	1.5%	-3.5%	-2.6%	-1.1%
	Constant Currency	-5.7%	6.5%	1.1%	-1.8%	1.4%	1.6%	-2.6%	-1.7%	-1.6%
Currency Contribution* (%)	USD	82%	79%	83%	82%	84%	84%	75%	73%	72%
	EURO	10%	13%	10%	10%	9%	10%	17%	19%	19%
	GBP	5%	6%	6%	6%	6%	6%	7%	8%	9%
	Others	2%	2%	1%	2%	1%	0%	1%	0%	0%
Geographic Concentration*	North America	64%	59%	65%	65%	69%	67%	69%	68%	66%
	Europe	28%	35%	28%	29%	26%	28%	27%	29%	30%
	ROW	7%	6%	7%	6%	5%	5%	4%	3%	4%
Debtors (including unbilled)	DSO	93 days	89 days ^{&}	81 days	81 days	88 days	85 days	78 days	74 days	80 days
Client Concentration	Top 10 contribution	70%	67%	71%	71%	75%	74%	76%	75%	74%
Billing Mix	Managed Services	23%	27%	22%	21%	20%	18%	15%	15%	14%
	Onshore revenue	22%	23%	19%	18%	15%	14%	13%	14%	13%
Staff Utilization (Delivery)		71.7%	72.4%	72.9%	73.8%	76.8%	76.0%	78.5%	69.4%	68.7%
Seat Count		8,900	8,919	8,904	8,926	8,941	9,035	9,023	8,632	8,626

[&] Q4 DSO corrected to 89 days