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eClerx

Financial Performance – Q1 FY20

2nd August, 2019

eClerx

Presented to:

Metrics		FY20 Q1	Q-o-Q	Y-o-Y
Revenue	OPG revenue (USD mm)	50.9	(1%)	3%
	OPG revenue (INR mm)	3,547	(3%)	1%
	Total revenue (INR mm)	3,630	(3%)	(2%)
Profit	EBITDA (INR mm)	744	(18%)	(23%)
	EBIT (INR mm)	572	(26%)	(34%)
	Net profit (INR mm)	398	(33%)	(34%)
Margin	EBITDA (%)	20.5%	-361 bps	-552 bps
	EBIT (%)	15.8%	-494 bps	-774 bps
	Net profit (%)	11.0%	-485 bps	-516 bps

**EBIT includes other income and excludes rental interest under INDAS116*

- **YoY Constant currency (CC) growth of 4.5%; QoQ CC decline by 0.4%**
- YoY CC growth of 1.9% Offshore and 13.9% Onshore; similar trajectory likely in near term
- Q1 INR EBIT decreased Y-o-Y mainly due to wage hikes, campus hiring and absence of SEIS (INR 125mm)
- Margin levers in near term vs Q1– Higher hedged rates, SEIS notification, normalization of salary hike, improving margins on managed services and onshore, Pune consolidation benefits
 - partially offset by minimum wage changes, higher onshore mix
- INDAS 116 adoption since Q1; negligible impact at PBT level
- Effective tax rate of Q1FY20 is ~25%; FY20 expected to be ~25-27%

Figures in INR millions.

Other Income	FY20 Q1	FY19 Q4	FY19 Q3	FY 19 Q2	FY19 Q1
Investment Income	88.5	108.1	100.1	79.3	67.5
Revaluation and Realised Gain*	(11.2)	(15.9)	(103.9)	108.7	125.3
Other Misc. Income	5.1	3.6	4.1	4.0	5.1
Total	82.5	95.7	0.2	192.1	197.8

* Fx. Gain/Loss regrouped as other income/expenses based on profit or loss position in the published financials

- Decrease in investment income due to lower interest on fixed deposits

- **Revaluation and Realised Gain**
 - USD/INR FY'20 Q1 Exit: 68.95 vs. FY'19 Q4 Exit: 69.28
 - EUR/INR FY'20 Q1 Exit: 78.40 vs. FY'19 Q4 Exit: 77.74
 - GBP/INR FY'20 Q1 Exit: 87.56 vs. FY'19 Q4 Exit: 90.36

Current Hedge Status

- Total outstanding hedges now \$143.3 mm at average INR 73.4/\$; 100% forwards

Contract	Year	Currency	Amount (mn)	Avg. Rate (INR)
Matured Forwards	FY19 Q2		\$30.4	68.7
	FY19 Q3		\$32.7	69.0
	FY19 Q4		\$29.5	69.0
	Total FY19	USD	\$123.5	68.96
Outstanding Forwards	FY20 Q1		\$30.3	69.9
	FY20 Q2		\$29.9	71.4
	FY20 Q3		\$29.0	72.5
	FY20 Q4		\$23.8	73.8
	Total FY20	USD	\$82.6	72.5
	FY21 Q1		\$23.1	74.1
	FY21 Q2		\$17.8	74.7
	FY21 Q3		\$11.9	75.0
	FY21 Q4		\$5.5	75.5
	Total FY21	USD	\$58.3	74.6
FY22 Q1		\$2.4	75.7	
Total FY22	USD	\$2.4	75.7	
Total Outstanding		USD	\$143.3	73.4

P&L Comparison: FY20 Q1 vs. FY19 Q4

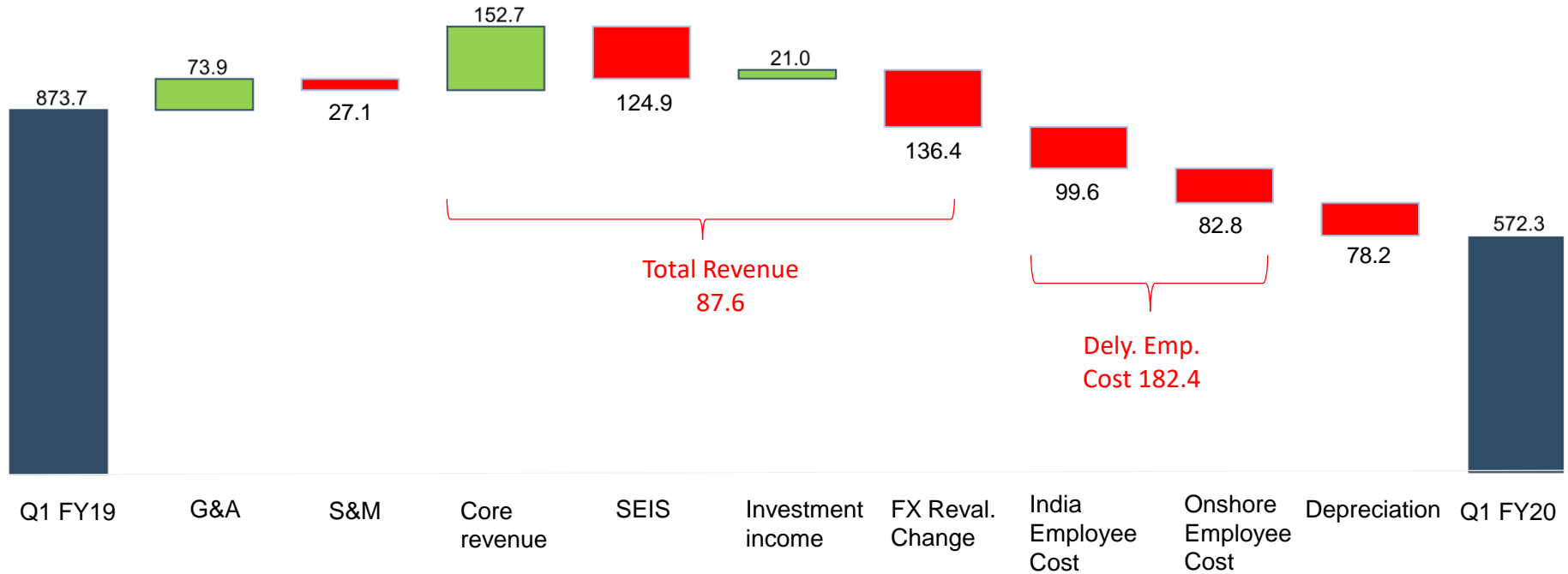
Figures in INR millions.

Operating P&L	FY20 Q1	OPR (%)	FY19 Q4	OPR (%)
Total Revenue	3,630		3,747	
Operating Revenue	3,547		3,651	
Cost of Revenues				
Delivery and Support Employees Cost	1,908	53.8%	1,777	48.7%
General and Administrative Expenses				
Facilities (Rent and Electricity)	95	2.7%	224	6.1%
Technological Services (Communications, AMC)	99	2.8%	113	3.1%
Administrative Services (Transport, HK, Security)	47	1.3%	45	1.2%
Legal and Professional Fees	61	1.7%	71	2.0%
Provision / Written off for Bad Debt	2	0.0%	5	0.1%
CSR & Donation	18	0.5%	22	0.6%
Others	75	2.1%	50	1.4%
Total G&A	397	11.2%	530	14.5%
Selling and Distribution	581	16.4%	537	14.7%
EBITDA	744	20.5%*	903	24.1%
Depreciation and Amortization (Inc. rent as per INDAS116)	172	4.8%	128	3.5%
EBIT	572	15.8%*	776	20.7%
INR/USD (Avg)	69.53		70.48	
INR/EUR (Avg)	78.16		80.03	
INR/GBP (Avg)	89.36		91.78	

*EBIT & EBITDA percentage is on Total Revenue

EBIT Bridging Analysis: Y-o-Y FY20 Q1 vs. FY19 Q1

Figures in INR millions.



- Lower G&A due to rent being moved to depreciation and interest due to impact of INDAS 116
- Delivery cost higher due to increase in onshore mix, salary increment and higher headcount
- Depreciation increase due to rental depreciation under INDAS 116
- Higher S&D due to increased BD investments

Note:

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

- Total Cash and Cash equivalents of INR 5,287 mm for Q1FY'20 vs INR 6,067 mm for Q1FY'19
 - Equivalent to INR 146.5 per share vs INR 159.2 for Q1FY'19
 - Net operating cash flow in Q1FY'20 is INR 732.5 mm vs INR (225.9) mm in Q1FY'19
 - Capex during Q1 FY'20 is INR 63.6 mm vs INR 47.8 mm in Q1 FY'19
- EPS
 - Q1 Basic: INR 10.56; Diluted: INR 10.56
- Current book value per share of INR 321.8 vs. INR 323.0 Q1FY'19
- Buyback completed in Q1 FY20 of INR 2,620 mm

CSR Update

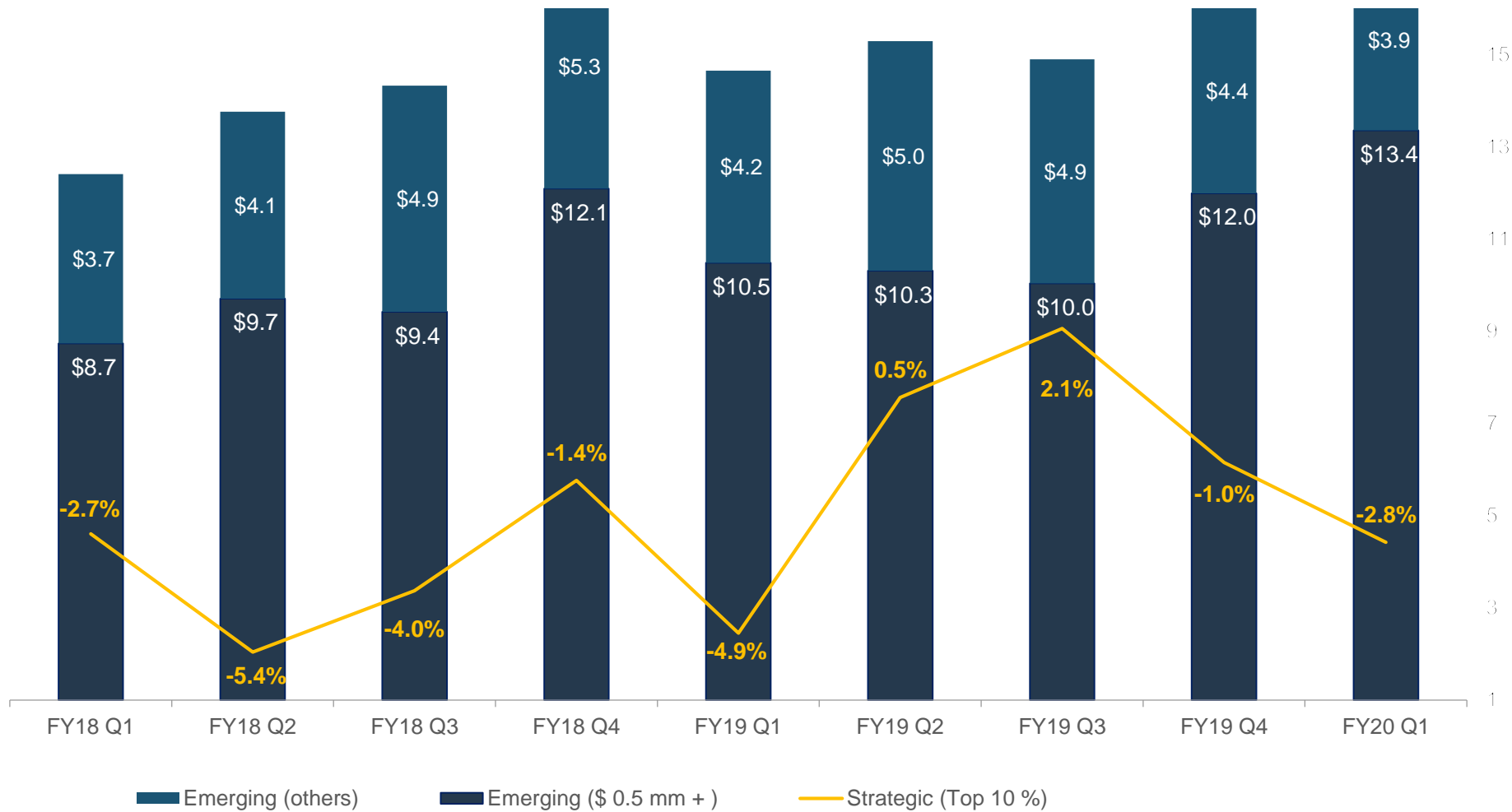
- Spent INR 16.4 mm existing and new projects in Q1FY'20 related to India
- Areas covered: Health, Education, Skills development
- Total Life touched / benefited ~12k

Key Business Metrics

Metrics		FY 20 Q1	FY 19 Q4	FY 19 Q3	FY 19 Q2	FY 19 Q1	FY 18 Q4	FY 18 Q3	FY 18 Q2	FY 18 Q1
Currency Contribution (%) *	USD	80%	80%	82%	82%	82%	79%	83%	82%	84%
	EURO	10%	10%	9%	10%	10%	13%	10%	10%	9%
	GBP	7%	7%	7%	6%	6%	6%	6%	6%	6%
	Others	3%	3%	2%	2%	2%	2%	1%	2%	1%
Geographic Concentration *	North America	67%	65%	64%	64%	64%	59%	65%	65%	69%
	Europe	27%	29%	29%	29%	28%	35%	28%	29%	26%
	ROW	6%	6%	7%	7%	7%	6%	7%	6%	5%
Debtors (including unbilled)	DSO (days)	87	84	85	89	93	89	81	81	88
Client Concentration	Top 10 contribution	66%	68%	70%	70%	70%	67%	71%	71%	75%
Billing Mix	Managed Services	28%	30%	27%	26%	23%	27%	22%	21%	20%
	Onshore revenue	23%	22%	23%	22%	22%	23%	19%	18%	15%
Staff Utilization (Delivery)		73.4%	74.3%	71.9%	72.5%	72.4%	72.4%	72.9%	73.8%	76.8%
Client Contribution (based on TTM revenue) *	US\$ 500k-1mm Clients	20	20	16	18	20	18	NA	NA	NA
	US\$ 1mm-3mm Clients	17	16	17	15	12	13	NA	NA	NA
	US\$ 3mm-5mm Clients	4	2	2	2	4	3	NA	NA	NA
	US\$ 5mm-10mm Clients	1	2	2	2	2	1	NA	NA	NA
	US\$ 10mm++ Clients	5	5	5	5	5	5	NA	NA	NA
India Seat Count		9,605	8,910	8,908	8,914	8,900	8,919	8,904	8,926	8,941

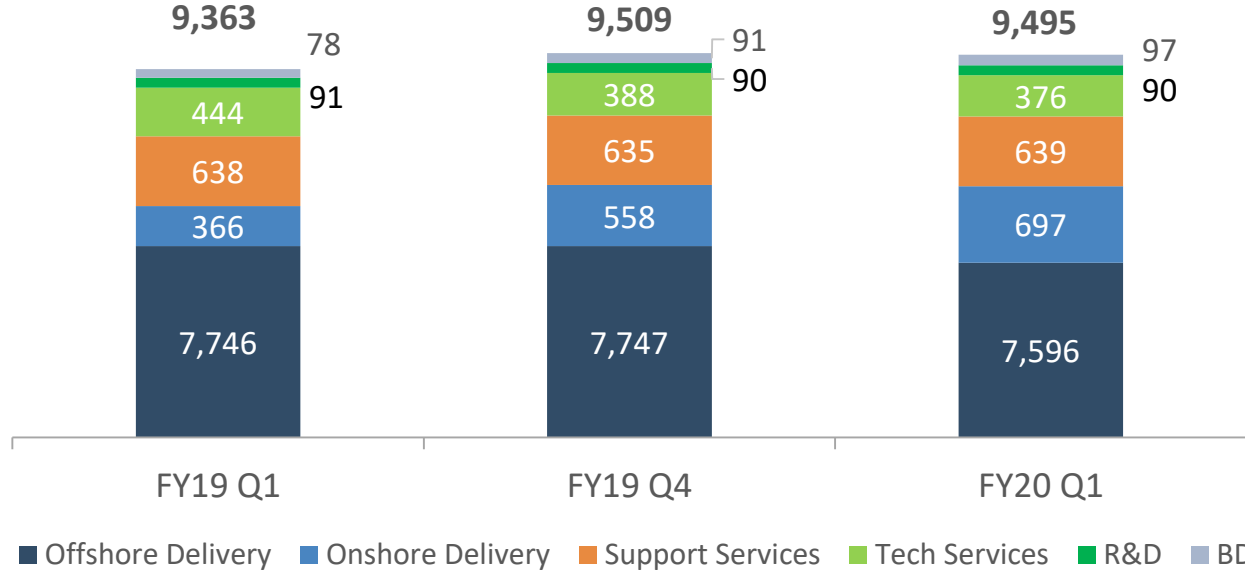
*Other smaller currencies, geographies and client contribution not shown

Revenue Mix Trends (\$mm)

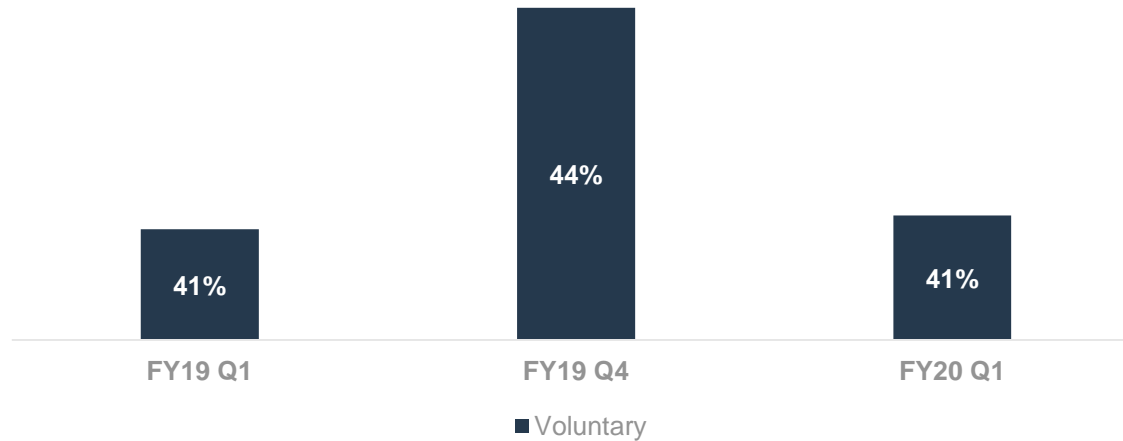


Strategic growth is measured at quarterly YoY level

Headcount



Offshore Attrition



Attrition excludes involuntary from Q1 FY20

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Thank You

Metrics		FY20 Q1	FY19 Q4	FY19 Q3	FY19 Q2	FY19 Q1
Revenue	OPG revenue (USD mm)	50.9	51.2	50.2	50.0	49.2
	OPG revenue (INR mm)	3,547	3,651	3,576	3,559	3,519
	Total revenue (INR mm)	3,630	3,747	3,577	3,751	3,717
Profit	EBITDA (INR mm)	744	903	667	1,024	967
	EBIT (INR mm)	572	776	544	921	874
	Net profit (INR mm)	398	593	390	700	600
Margin	EBITDA (%)	20.5%	24.1%	18.7%	27.3%	26.0%
	EBIT (%)	15.8%	20.7%	15.2%	24.6%	23.5%
	Net profit (%)	11.0%	15.8%	10.9%	18.7%	16.1%

P&L Comparison – Quarterly View

Figures in INR millions.

Operating P&L	FY20 Q1	OPR (%)	FY19 Q4	OPR (%)	FY19 Q3	OPR (%)	FY19 Q2	OPR (%)	FY19 Q1	OPR (%)
Total Revenue	3,630		3,747		3,577		3,751		3,717	
Operating Revenue	3,547		3,651		3,576		3,559		3,519	
Cost of Revenues										
Delivery and Support Employees Cost	1,908	53.8%	1,777	48.7%	1,830	51.2%	1,730	48.6%	1,725	49.0%
General and Administrative Expenses										
Facilities (Rent and Electricity)	95	2.7%	224	6.1%	211	5.9%	130	3.6%	168	4.8%
Technological Services (Communications, AMC)	99	2.8%	113	3.1%	107	3.0%	106	3.0%	91	2.6%
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Others	75	2.1%	50	1.4%	107	3.0%	97	2.7%	79	2.2%
Total G&A	397	11.2%	530	14.5%	557	15.6%	471	13.2%	471	13.4%
Selling and Distribution	581	16.4%	537	14.7%	523	14.6%	527	14.8%	554	15.7%
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EBIT	572	15.8%	776	20.7%	544	15.2%	921	24.6%	874	23.5%