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# Financial Performance – Q3FY20

30th January, 2020

# Financial Summary

| Metrics | | FY20 Q3 | Q-o-Q | YTD FY20 | Y-o-Y |
|---|---|---|---|---|---|
| Revenue | OPG revenue (USD mm) | 51.8 | 3.4% | 152.8 | 2.2% |
| | OPG revenue (INR mm) | 3,754 | 5.3% | 10,866 | 2.0% |
| | Total revenue (INR mm) | 3,869 | 6.0% | 11,151 | 1.0% |
| Profit | EBITDA (INR mm) | 1,147 | 32.3% | 2,757 | 3.7% |
| | EBIT (INR mm)* | 971 | 40.6% | 2,233 | -4.5% |
| | Net profit (INR mm) | 699 | 59.2% | 1,536 | -9.1% |
| Margin | EBITDA (%) | 29.6% | 5.9% | 24.7% | 0.7% |
| | EBIT (%) | 25.1% | 6.2% | 20.0% | -1.1% |
| | Net profit (%) | 18.1% | 6.0% | 13.8% | -1.5% |

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

- Q3 YoY Constant currency (CC) growth of 3%; QoQ CC growth by 3.1%
  - Q3 revenue supported by one off projects, roll offs towards CY end and milestone accruals
  - Offshore revenue continues to be under pressure; expect softer Q4 due to delay in new projects
- Q3 YoY CC decline of 0.1% Offshore and increase of 15.8% Onshore
- Growth in EBIT, supported by hedges, price increase and productivity gains
  - Some of the levers will continue to support margin
  - Near term EBIT to remain volatile due to offshore growth uncertainty

# Other Income – FY20 Q3 vs. FY20 Q2

Figures in INR millions.

| Other Income | FY20 Q3 | FY20 Q2 | FY20 Q1 | FY19 Q4 | FY19 Q3 |
|---|---|---|---|---|---|
| Investment Income | 32.6 | 59.5 | 88.5 | 108.1 | 100.1 |
| Revaluation and Realised Gain* | 77.8 | 39.4 | (11.2) | (15.9) | (103.9) |
| Other Misc. Income* | 4.3 | (11.9) | 5.1 | 3.6 | 4.1 |
| **Total** | **114.7** | **87.1** | **82.5** | **95.7** | **0.2** |

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

- **Revaluation and Realised Gain**
  - USD/INR FY'20 Q3 Exit: 71.27 vs. FY'20 Q2 Exit: 70.66
  - EUR/INR FY'20 Q3 Exit: 80.03 vs. FY'20 Q2 Exit: 77.07
  - GBP/INR FY'20 Q3 Exit: 94.42 vs. FY'20 Q2 Exit: 86.92

# Hedge Updates

## Current Hedge Status

- Total outstanding hedges now $127.15 mm at average INR 74.54/$; 100% forwards

| Contract | Year | Currency | Amount (mm) | Avg. Rate (INR) |
|---|---|---|---|---|
| Matured Forwards | **Total FY19** | **USD** | **$123.5** | **69.0** |
| | FY20 Q1 | | $30.3 | 69.9 |
| | FY20 Q2 | | $29.9 | 71.4 |
| | FY20 Q3 | | $29.0 | 72.5 |
| Outstanding Forwards | FY20 Q4 | | $27.7 | 73.5 |
| | **Total FY20** | **USD** | **$27.7** | **73.5** |
| | FY21 Q1 | | $23.7 | 74.1 |
| | FY21 Q2 | | $22.1 | 74.5 |
| | FY21 Q3 | | $21.7 | 74.7 |
| | FY21 Q4 | | $15.5 | 75.2 |
| | **Total FY21** | **USD** | **$83.0** | **74.5** |
| | FY22 Q1 | | $9.4 | 75.7 |
| | FY22 Q2 | | $4.7 | 76.7 |
| | FY22 Q3 | | $2.4 | 77.5 |
| | **Total FY22** | **USD** | **$16.5** | **76.3** |
| **Total Outstanding** | | **USD** | **$127.2** | **74.5** |

# P&L Comparison: FY20 Q3 vs. FY20 Q2

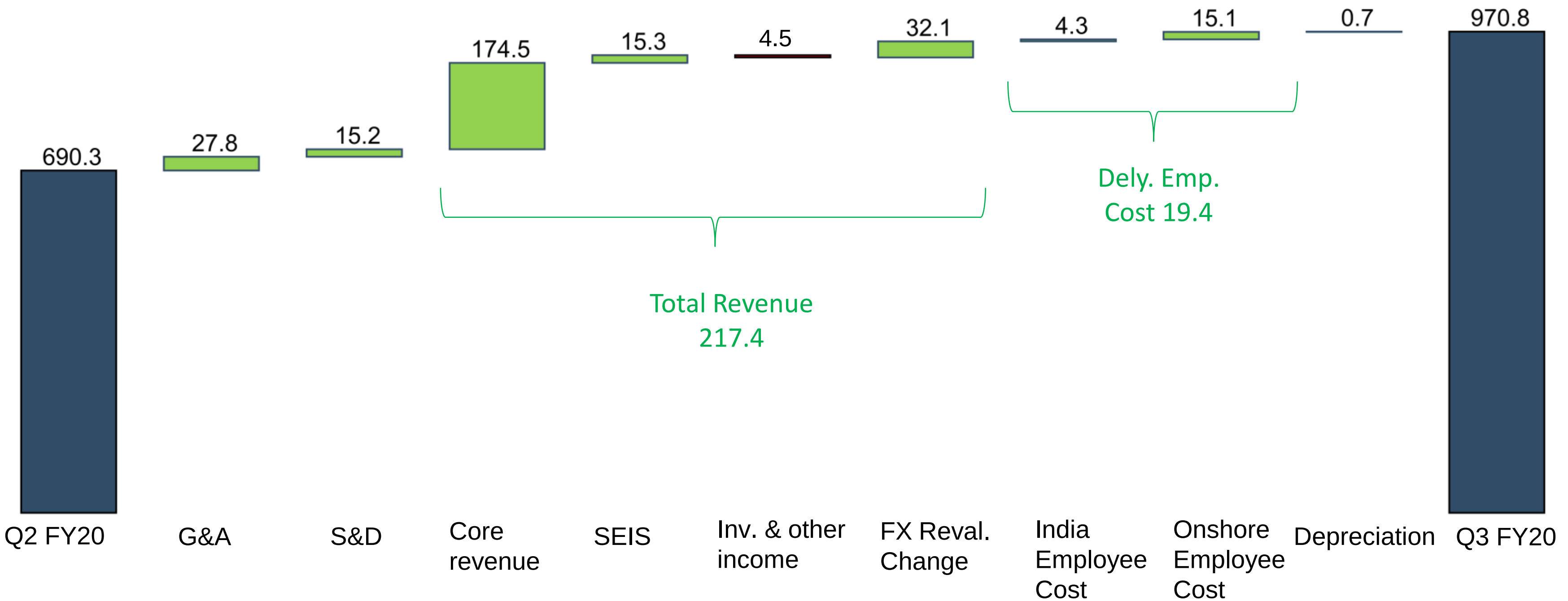
Figures in INR millions.

| Operating P&L | FY20 Q3 | OPR (%) | FY20 Q2 | OPR (%) |
|---|---|---|---|---|
| **Total Revenue** | **3,869** | | **3,652** | |
| Operating Revenue | 3,754 | | 3,565 | |
| **Cost of Revenues** | | | | |
| Delivery and Support Employees Cost | 1,891 | 50.4% | 1,910 | 53.6% |
| **General and Administrative Expenses** | | | | |
| Facilities (Rent and Electricity) | 76 | 2.0% | 73 | 2.1% |
| Technological Services (Communications, AMC) | 108 | 2.9% | 113 | 3.2% |
| Administrative Services (Transport, HK, Security) | 45 | 1.2% | 47 | 1.3% |
| Legal and Professional Fees | 39 | 1.0% | 57 | 1.6% |
| Provision / Written off for Bad Debt | (4) | (0.1%) | 6 | 0.2% |
| CSR & Donation | 15 | 0.4% | 18 | 0.5% |
| Others | 79 | 2.1% | 72 | 2.0% |
| **Total G&A** | **358** | **9.5%** | **386** | **10.8%** |
| **Selling and Distribution** | **474** | **12.6%** | **489** | **13.7%** |
| **EBITDA** | **1,147** | **29.6%** | **867** | **23.7%** |
| **Depreciation and Amortization (Inc. rent as per IND AS116)** | **176** | **4.7%** | **177** | **5.0%** |
| **EBIT** | **971** | **25.9%** | **690** | **18.9%** |
| INR/USD (Avg) | 71.22 | | 70.39 | |
| INR/EUR (Avg) | 78.86 | | 78.26 | |
| INR/GBP (Avg) | 91.74 | | 86.76 | |

EBIT & EBITDA percentage is on Total Revenue

# EBIT Bridging Analysis:
# Q-o-Q FY20 Q3 vs. FY20 Q2

Figures in INR millions.




- Total revenue up by INR 217.4 mm; SEIS amount is adjustment value towards FY19 incentive
- Delivery employee cost lower by INR 19.4 mm due to lower headcount
- S&D lower by 15.2 mm due to lower travel in Q3 and reduced BD headcount
- G&A lower by INR 27.8 mm due to lower hiring activity

**Note:**

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

# Balance Sheet & Other Updates

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- Total Cash and Cash equivalents of INR 7,076 mm for Q3FY'20 vs INR 7,219 mm for Q3FY'19
  - Equivalent to INR 196.0 per share vs INR 190.1 for Q3FY'19
  - Net operating cash flow in Q3FY'20 is INR 798.1 mm vs INR 1,050.6 mm in Q3FY'19
  - Capex during Q3 FY'20 is INR 24.5 mm vs INR 76.80 mm in Q3 FY'19

- EPS
  - Q3 Basic: INR 19.36 ; Diluted: INR 19.36
- Current book value per share of INR 351.3 vs. INR 348.1 Q3FY'19

**CSR Update**

- Spent INR 14.4 mm existing and new projects in Q3FY'20 related to India
- Areas covered: Health, Education, Skills development
- Total Life touched / benefited ~ 15k

# Key Business Metrics

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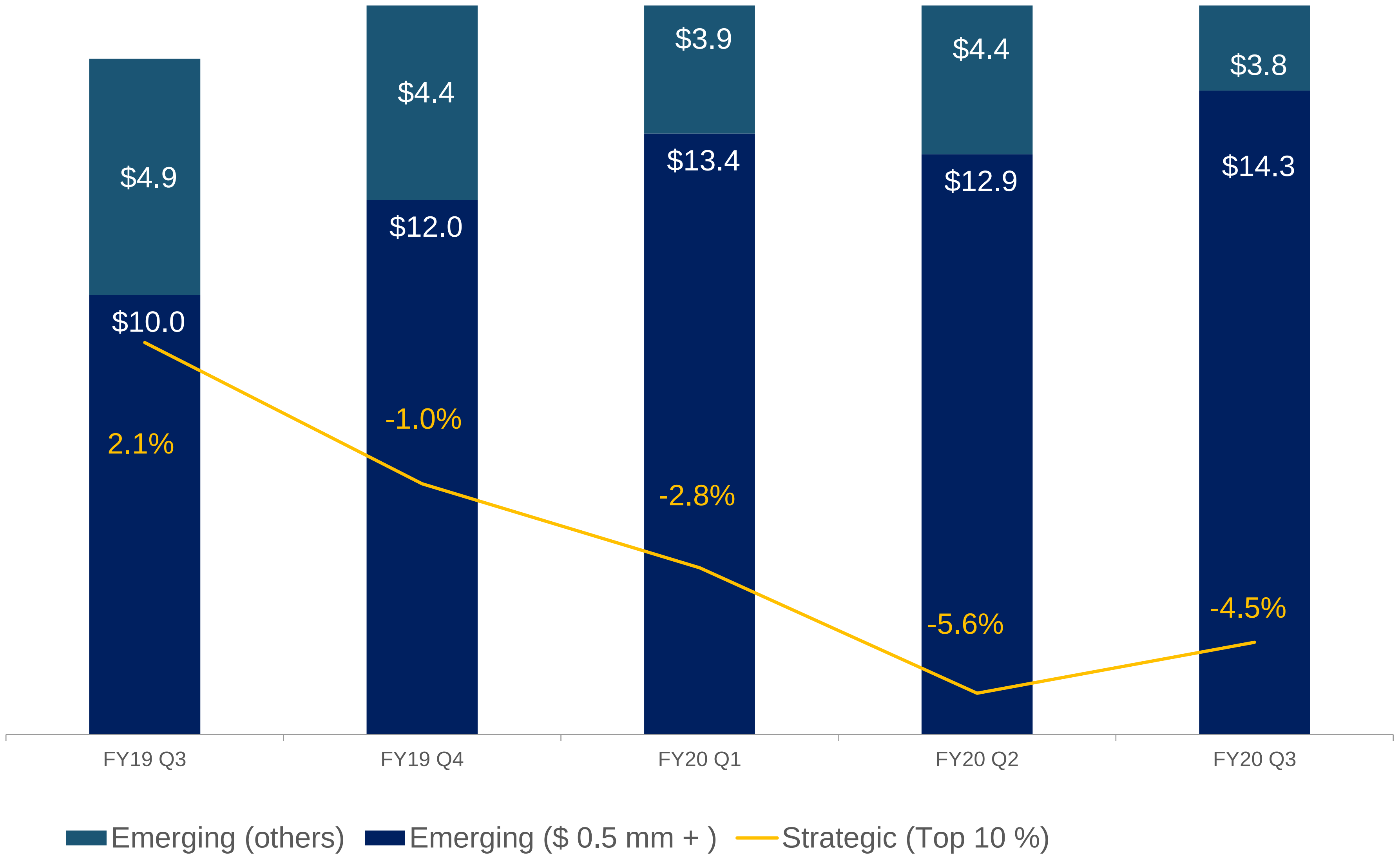
| Metrics | | FY20 Q3 | FY 20 Q2 | FY 20 Q1 | FY 19 Q4 | FY 19 Q3 | FY 19 Q2 | FY 19 Q1 | FY 18 Q4 | FY 18 Q3 |
|---|---|---|---|---|---|---|---|---|---|---|
| Currency Contribution (%) * | USD | 80% | 81% | 80% | 80% | 82% | 82% | 82% | 79% | 83% |
| | EURO | 12% | 11% | 10% | 10% | 9% | 10% | 10% | 13% | 10% |
| | GBP | 6% | 6% | 7% | 7% | 7% | 6% | 6% | 6% | 6% |
| | Others | 2% | 2% | 3% | 3% | 2% | 2% | 2% | 2% | 1% |
| Geographic Concentration * | North America | 66% | 67% | 67% | 65% | 64% | 64% | 64% | 59% | 65% |
| | Europe | 28% | 27% | 27% | 29% | 29% | 29% | 28% | 35% | 28% |
| | ROW | 6% | 6% | 6% | 6% | 7% | 7% | 7% | 6% | 7% |
| Debtors (including unbilled) | DSO (days) | 78 | 78 | 87 | 84 | 85 | 89 | 93 | 89 | 81 |
| Client Concentration | Top 10 contribution | 65% | 65% | 66% | 68% | 70% | 70% | 70% | 67% | 71% |
| Billing Mix | Managed Services | 31% | 28% | 28% | 30% | 27% | 26% | 23% | 27% | 22% |
| | Onshore revenue | 25% | 25% | 24% | 22% | 23% | 22% | 22% | 23% | 19% |
| Staff Utilization (Delivery) | | 77.2% | 71.9% | 73.4% | 74.3% | 71.9% | 72.5% | 72.4% | 72.4% | 72.9% |
| Client Contribution (based on TTM revenue) * | US$ 500k-1mm Clients | 21 | 22 | 20 | 20 | 16 | 17 | 20 | 18 | NA |
| | US$ 1mm-3mm Clients | 18 | 18 | 17 | 16 | 17 | 16 | 12 | 13 | NA |
| | US$ 3mm-5mm Clients | 3 | 4 | 4 | 2 | 2 | 2 | 4 | 3 | NA |
| | US$ 5mm-10mm Clients | 2 | 1 | 1 | 2 | 2 | 2 | 2 | 1 | NA |
| | US$ 10mm++ Clients | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | NA |
| India Seat Count | | 9,601 | 9,601 | 9,605 | 8,910 | 8,908 | 8,914 | 8,900 | 8,919 | 8,904 |

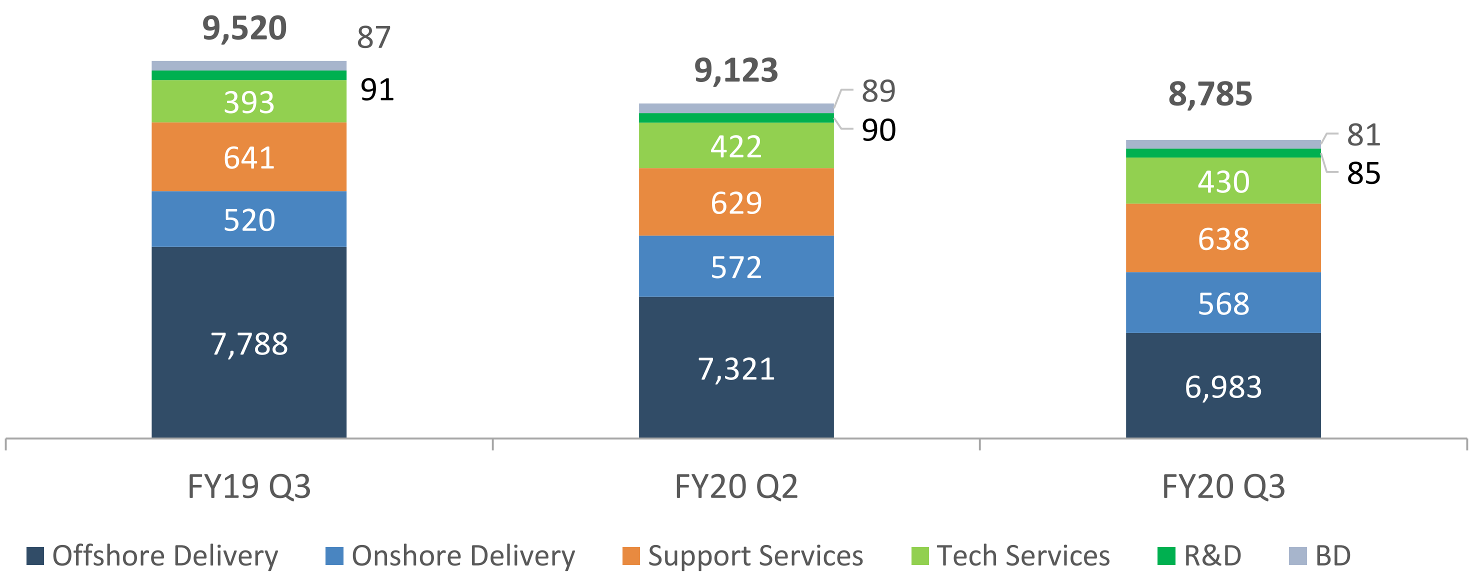
*Other smaller currencies, geographies and client contribution not shown

# Revenue Mix Trends ($mm)

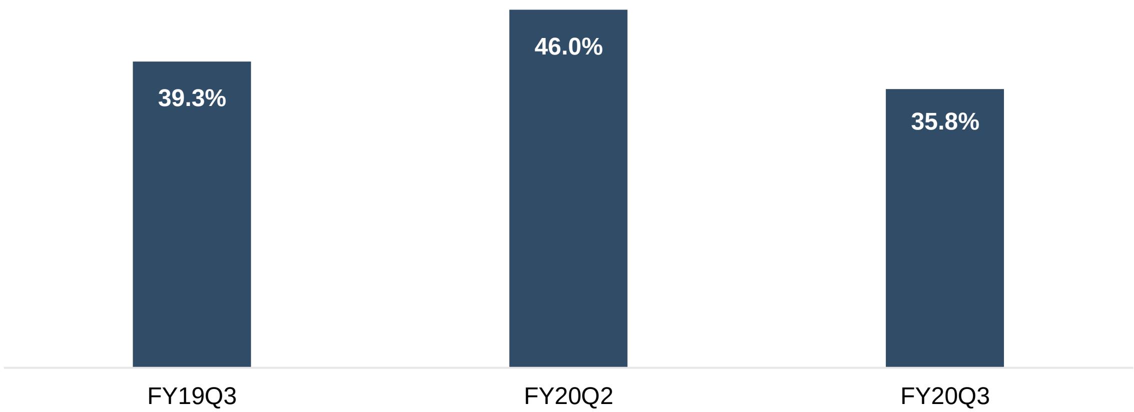



*Strategic growth is measured at quarterly YoY level*

## Headcount




## Offshore Voluntary 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

# Financial Summary – Quarterly View

| Metrics | | FY20 Q3 | FY20 Q2 | FY20 Q1 | FY19 Q4 | FY19 Q3 |
|---|---|---|---|---|---|---|
| Revenue | OPG revenue (USD mm) | 51.8 | 50.1 | 50.9 | 51.2 | 50.2 |
| | OPG revenue (INR mm) | 3,754 | 3,565 | 3,547 | 3,651 | 3,576 |
| | Total revenue (INR mm) | 3,869 | 3,652 | 3,630 | 3,747 | 3,577 |
| Profit | EBITDA (INR mm) | 1,147 | 867 | 744 | 903 | 667 |
| | EBIT (INR mm) | 971 | 690 | 572 | 776 | 544 |
| | Net profit (INR mm) | 699 | 439 | 398 | 593 | 390 |
| Margin | EBITDA (%) | 29.6% | 23.7% | 20.5% | 24.1% | 18.7% |
| | EBIT (%) | 25.1% | 18.9% | 15.8% | 20.7% | 15.2% |
| | Net profit (%) | 18.1% | 12.0% | 11.0% | 15.8% | 10.9% |

# P&L Comparison – Quarterly View

Figures in INR millions.

| Operating P&L | FY20 Q3 | OPR (%) | FY20 Q2 | OPR (%) | FY20 Q1 | OPR (%) | FY19 Q4 | OPR (%) | FY19 Q3 | OPR (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Revenue | 3,869 | | 3,652 | | 3,630 | | 3,747 | | 3,577 | |
| Operating Revenue | 3,754 | | 3,565 | | 3,547 | | 3,651 | | 3,576 | |
| **Cost of Revenues** | | | | | | | | | | |
| Delivery and Support Employees Cost | 1,891 | 50.4% | 1,910 | 53.6% | 1,923 | 54.2% | 1,777 | 48.7% | 1,830 | 51.2% |
| **General and Administrative Expenses** | | | | | | | | | | |
| Facilities (Rent and Electricity) | 76 | 2.0% | 73 | 2.1% | 95 | 2.7% | 224 | 6.1% | 211 | 5.9% |
| Technological Services (Communications, AMC) | 108 | 2.9% | 113 | 3.2% | 99 | 2.8% | 113 | 3.1% | 107 | 3.0% |
| Administrative Services (Transport, HK, Security) | 45 | 1.2% | 47 | 1.3% | 47 | 1.3% | 45 | 1.2% | 49 | 1.4% |
| Legal and Professional Fees | 39 | 1.0% | 57 | 1.6% | 61 | 1.7% | 71 | 2.0% | 65 | 1.8% |
| Provision / Written off for Bad Debt | (4) | (0.1%) | 6 | 0.2% | 2 | 0.0% | 5 | 0.1% | - | - |
| CSR & Donation | 15 | 0.4% | 18 | 0.5% | 18 | 0.5% | 22 | 0.6% | 17 | 0.5% |
| Others | 79 | 2.1% | 72 | 2.0% | 75 | 2.1% | 50 | 1.4% | 107 | 3.0% |
| **Total G&A** | **358** | **9.5%** | **386** | **10.8%** | **397** | **11.2%** | **530** | **14.5%** | **557** | **15.6%** |
| **Selling and Distribution** | **474** | **12.6%** | **489** | **13.7%** | **566** | **16.0%** | **537** | **14.7%** | **523** | **14.6%** |
| **EBITDA** | **1,147** | **29.6%** | **867** | **23.7%** | **744** | **20.5%** | **903** | **24.1%** | **667** | **18.7%** |
| **Depreciation and Amortization** | **176** | **4.7%** | **177** | **5.0%** | **172** | **4.8%** | **128** | **3.5%** | **123** | **3.4%** |
| **EBIT** | **971** | **25.9%** | **690** | **18.9%** | **572** | **15.8%** | **776** | **20.7%** | **544** | **15.2%** |