



## ***Financial Performance Q3 FY10***

*January 28, 2010*



eClerx – An ISO/IEC 27001:2005 Certified Company

# Financial Summary



Metrics		Q3 FY10	Q-o-Q	YTD FY10	Y-o-Y
Revenue	Total Revenue (INR M)	670	17% ↑	1,726	18% ↑
	Opg Revenue (INR M)	691	11% ↑	1,857	30% ↑
	Opg Revenue (USD M)	14.9	16% ↑	39.2	24% ↑
Profit	EBITDA (INR M)	258	28% ↑	611	5% ↑
	OPM (INR M)	260	10% ↑	692	41% ↑
	Net Profit (INR M)	213	32% ↑	493	6% ↑
Margin	EBITDA %	39%	3% ↑	35%	4% ↓
	OPM %	38%	0% ↔	37%	3% ↑
	Net Profit %	32%	3% ↑	29%	3% ↓
EPS	Basic	11.2	32% ↑	26.0	6% ↑
	Diluted	10.8	28% ↑	25.0	3% ↑

- Continued momentum on revenue growth
  - USD revenue grew by 16% sequentially for the quarter and 24% Y-o-Y for the nine months period
- Operating margins maintained, and net margins improved sequentially
- Hedges for the quarter at more favorable rates than prior quarters, which sharply reduced FX losses despite an appreciating INR

## Quarter Highlights

Strong growth momentum – now nudging \$58M in revenue run rate

- Up from \$50M at the exit of the previous quarter

Strategy of increasing share of wallet for strategic clients starting to bear fruit

- Increasing diversity of services provided and stakeholders touched
- ‘Criticality’ measures up: Higher share of work in customer systems and ‘segregated areas’

Increasing utilization levels have created better operating efficiency

- At 90% of current capacity, hence taking on additional facilities
- 44000 sq. ft. hard lease, 12 month option on another 44000 sq. ft.

# Other Updates



## Current Hedge Status

Consistent policy of hedging receivables for next 12-18 months

Contract	Year	Currency	Amount (M)	Average Rate (INR)
Forward	FY10	USD	\$ 6.0 M	50.39
		Euro	€ 1.5 M	66.52
	<b>Total FY10 – Equiv USD</b>		<b>\$ 8.1 M</b>	<b>49.64</b>
	FY11	USD	\$ 22.5 M	49.49
		Euro	€ 3.9 M	69.17
	<b>Total FY11 – Equiv USD</b>		<b>\$ 28.0 M</b>	<b>49.47</b>
<b>Total FY12 – Equiv USD</b>		<b>\$ 3.0 M</b>	<b>48.29</b>	
Put Option	FY10	USD	\$ 2.0 M	48.00
	FY11	USD	\$ 6.0 M	46.50

**Note: EUR/USD taken at 1.4**

# Highly Liquid Balance Sheet



- Total Cash and Cash equivalents of INR 1,242 M, zero debt on balance sheet
  - Equivalent to INR 65.3 per share
- Trailing 12 months EPS
  - Basic: 34.2
  - Diluted: 33.5
- Book value per share of INR 104.6

## Utilization of IPO Proceeds

Figures in INR Millions

Particulars	Planned as per Prospectus	Utilization up to December 31, 2009	Balance
Acquisitions	220.0	–	220.0
Infrastructure investments	180.0	180.0	–
Setting up of additional facilities	100.0	–	100.0
General corporate purposes	161.0	62.8	98.2
<b>Total</b>	<b>661.0</b>	<b>242.8</b>	<b>418.2</b>

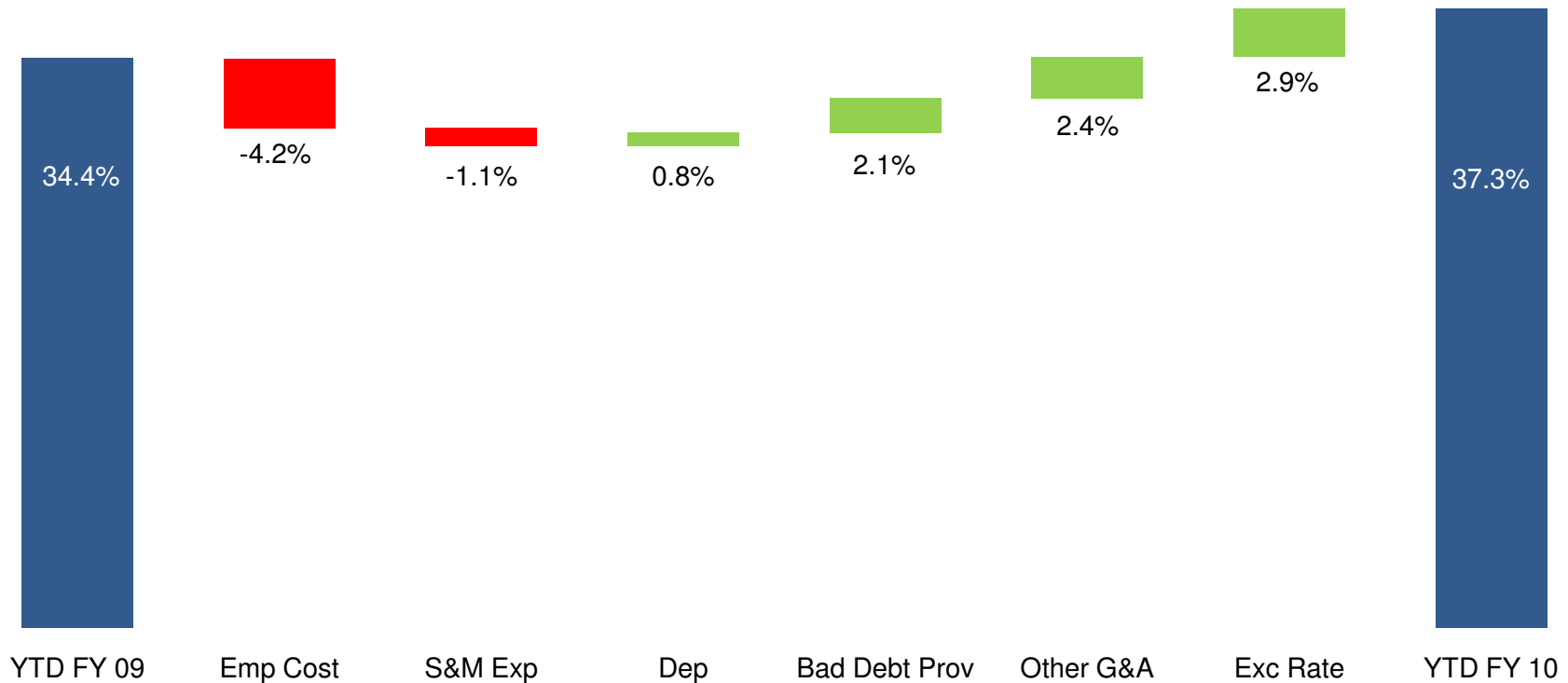
# P&L Comparison: YTD FY10 vs YTD FY09



Figures in INR Millions

Operating P&L	9 Month FY10	% of OPR	9 Month FY09	% of OPR
Operating Revenue	1,857.3		1,430.0	
<b>Cost of Revenues</b>				
Employee Cost	765.7	41.2%	556.4	38.9%
<b>General Administration and Management</b>				
Rent	73.3	3.9%	70.0	4.9%
Communication Expenses	43.1	2.3%	33.4	2.3%
Legal and Professional Fees	41.2	2.2%	36.8	2.6%
Electricity	23.6	1.3%	30.4	2.1%
Conveyance	19.2	1.0%	12.1	0.8%
Provision for Bad Debt	(0.0)	0.0%	29.3	2.1%
Others	75.2	4.1%	67.3	4.7%
<b>Total G&amp;A</b>	<b>275.6</b>	<b>14.8%</b>	<b>279.3</b>	<b>19.5%</b>
<b>Selling and Distribution</b>	<b>73.4</b>	<b>4.0%</b>	<b>43.1</b>	<b>3.0%</b>
<b>Depreciation &amp; Amortization</b>	<b>50.7</b>	<b>2.7%</b>	<b>59.5</b>	<b>4.2%</b>
<b>Interest</b>	<b>–</b>	<b>0.0%</b>	<b>0.4</b>	<b>0.0%</b>
<b>Total Operating Cost</b>	<b>1,165.4</b>	<b>62.7%</b>	<b>938.7</b>	<b>65.6%</b>
<b>Operating Profit</b>	<b>691.9</b>	<b>37.3%</b>	<b>491.3</b>	<b>34.4%</b>

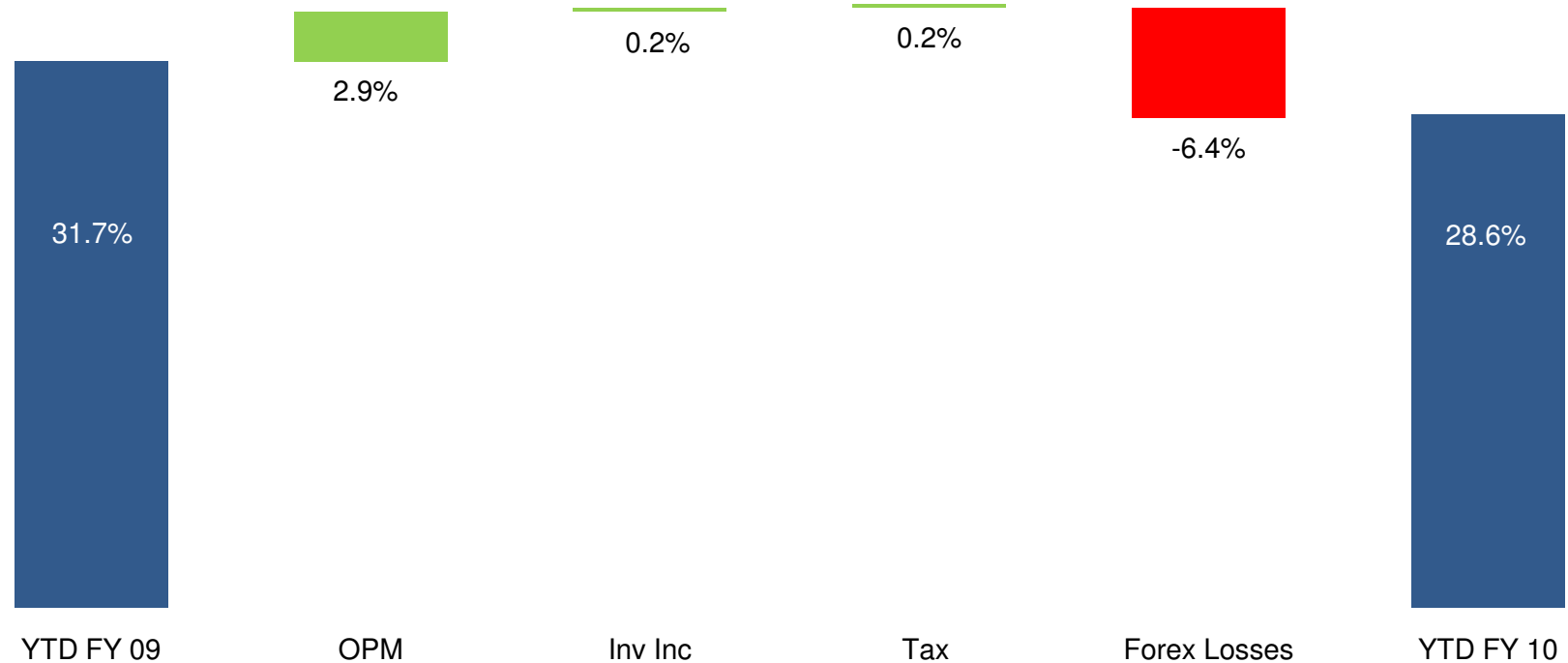
# OPM Bridging Analysis: YTD FY10 vs YTD FY09



Note – Bridging analysis in constant currency, impact of currency movements shown in exchange rate

- Solid operational performance in FY10
  - Took advantage of opportunity to buttress talent and capabilities both onshore and offshore
  - Increasing utilization of Pune SEZ helped drive a scaling in G&A and depreciation costs

# NPM Bridging Analysis: YTD FY10 vs YTD FY09



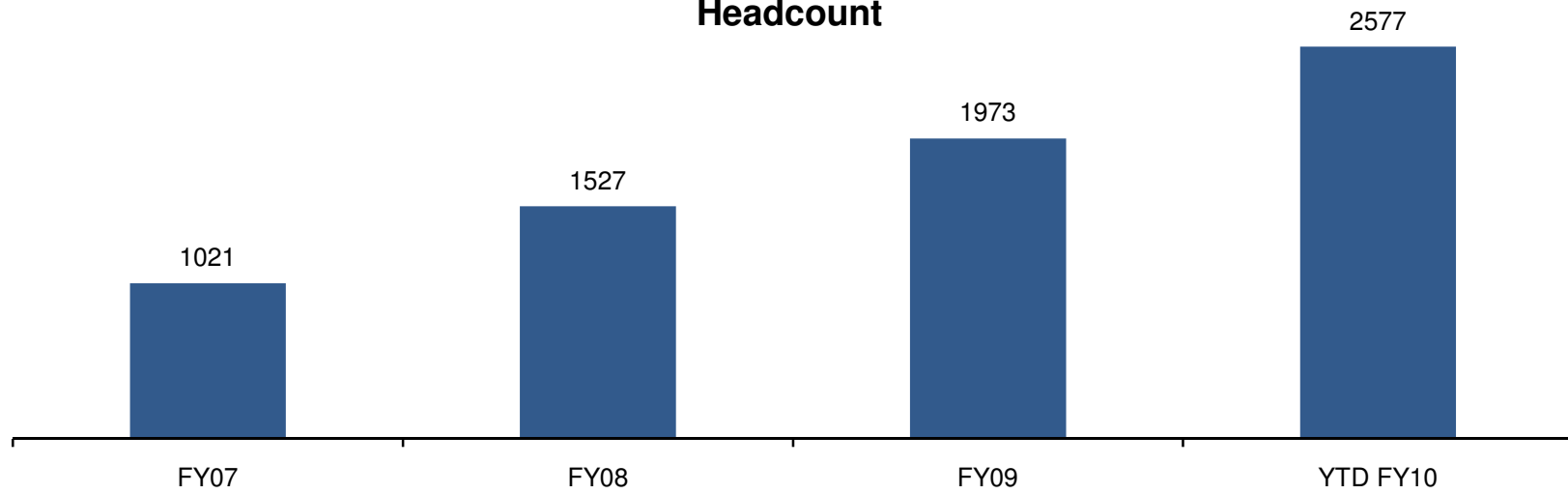
- Lower effective tax rate in FY10, despite increase in MAT tax rate due to higher SEZ revenue contribution
- Forex losses should reduce going forward, given more favorable rates for remaining hedges

# Revenue Quality

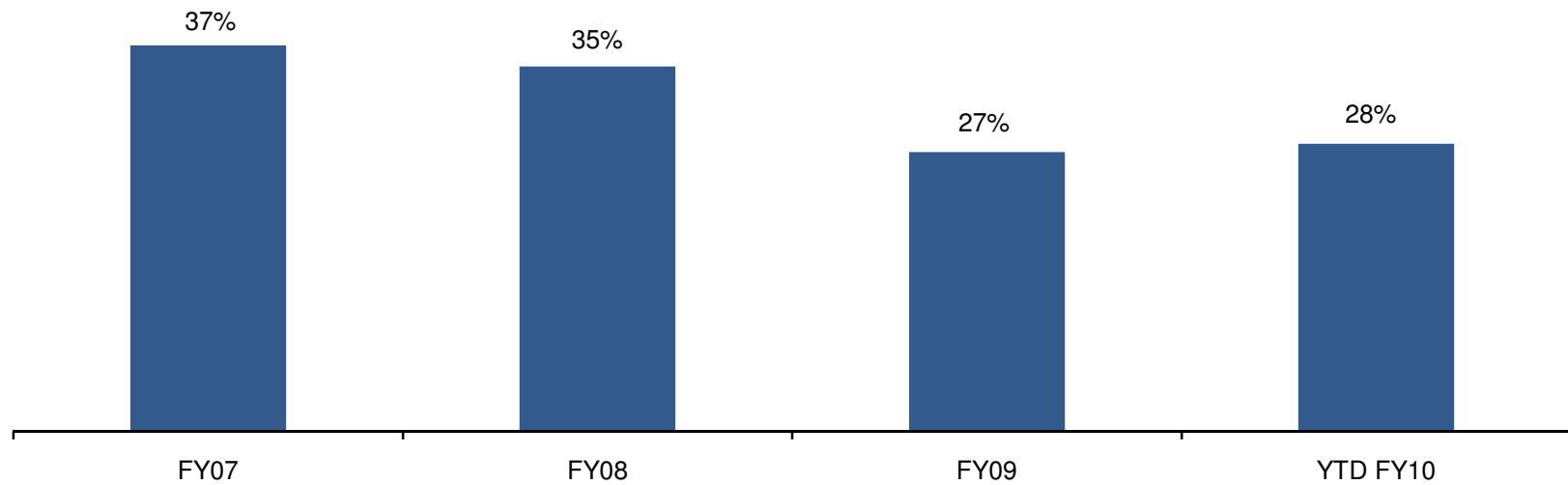


Metrics		YTD FY10	YTD FY09
Currency Concentration (%)	USD	72%	76%
	EURO	24%	18%
	GBP	4%	6%
Geographic Concentration	North America	61%	61%
	Europe	35%	36%
	ROW	4%	3%
Client Concentration	Top 5	81%	76%
Billing Mix	FTE	71%	71%
	SEZ Revenue	41%	26%

## Headcount



## Attrition



# FY11 – Early Indications



- **Initiatives to Become Closer to Customer**
  - Upgrading of on-shore team and increase domain relevance (now APAC coverage)
  - Using on-shore consulting engagement to drive new opportunities and ‘verticalize’ offering
  - Focus on on-shore / off-shore hybrid programs to open new doors
  
- **Much larger opportunities and much more volatility**
  - Large RFPs / opportunities becoming more common
  - Aligning consulting and outsourcing offerings mean more end-to-end engagements
  - Winning or losing deals affect trajectory meaningfully
  
- **Continuing intensity of competition**
  - Size deals means more competition
  - Realization improvements difficult in absence of large currency move
  
- **A return to the “problems of plenty”**
  - Wage pressures, currency appreciation larger factors in FY11

**Having said all that  
We’re very confident 2011 will be a growth year on all counts...**

**Thanks**