



Earnings Press Release

Q1 FY 2019-20



birlasoft



Birlasoft's Q1 Revenue at Rs 7,772 mn

Pune, August 7, 2019: Birlasoft [BSE: 532400, NSE: BSOFT], a part of the USD 2.3 billion diversified CK Birla Group, reported its Unaudited consolidated financial results for the first quarter ended June 30, 2019.

Amita Birla, Chairman, Birlasoft & Joint Chairman, CK Birla Group, said, *“We have achieved stability following the merger and integration and see significant opportunity in growing the business through cross selling multiple services, especially into existing single service accounts”*

Dharmender Kapoor, Managing Director and Chief Executive Officer, Birlasoft, said, *“We have a client base of nearly 400 customers, most of them in the enterprise segment. Our clients continue to show confidence in us, reflected in our healthy deal wins while we maintain stable profitability.”*

Key Financial highlights for Q1 in (USD)

- Revenue at \$ 111.7 mn
- EBITDA* at \$ 11.2 mn
 - margin at 10%
- Profit after Tax* at \$ 6.1 mn

Key Financial highlights for Q1 in (INR)

- Revenue at Rs. 7,772 mn
- EBITDA* at Rs 772 mn
- Profit after Tax* at Rs 422 mn

* Adjusted for merger and integration related expenses

Other highlights

- Manpower strength of 10,085 as of 30th June 2019.
 - Addition of 24 people during the quarter
- Cash and Cash Equivalent of Rs 4,775 mn as of 30th June 2019
 - Repaid debt amounting to Rs 381 mn during the quarter
- Active Client Count at 398

Deal wins for the quarter

- Selected by a US Hi-Tech company for Application Managed Services of its Enterprise and CRM stack of applications.
- Chosen by a US Furnishing Company for implementation of SAP rollouts.
- Selected by an International Financial Institution for Infrastructure Management Services.
- Chosen by a US Retailer for Data Center hosting and support services.
- Selected by a UK based Financial Institution for its Application management stack.

- Won a deal from a Latin American Educational group, for Application Managed Services.
- Chosen by a Europe based Oil major for implementation of Oracle Sales and Operation planning Cloud stack.

Business Highlights, Awards and Recognition

- Niche Player in Gartner Magic Quadrant for Oracle Cloud Applications Services, Worldwide.
- Birlasoft won “Distinguished Partner Award” at the Oracle JD Edwards summit. The award recognizes Birlasoft’s leadership role in JD Edwards EnterpriseOne UX One.
- Recognized as the Rising Star USA in the Salesforce ecosystem by ISG (Information Services Group, a leading global technology research and advisory firm. According to the ISG Provider Lens™ Salesforce Ecosystem Quadrant Report, Birlasoft was among the leading providers of professional services in the USA related to the Salesforce Sales Cloud and Service Cloud products
- Birlasoft was appraised at Maturity Level 5 of the CMMI Institute's Capability Maturity Model Integration (CMMI)® for CMMI-DEV and CMMI-SVC. An appraisal at a maturity level 5 indicates that the organization is performing at an "optimizing" level. At this level, an organization continually improves its processes based on a quantitative understanding of its business objectives and performance needs.
- Birlasoft was bestowed with an award for the company’s distinguished work in 'Smart Datacenter Management' in the 'Automation' category, at the 7th Datacenter Summit and Awards

Leadership Update

Birlasoft announced the appointment of Shreeranganath Kulkarni (SK) as ‘Chief Delivery Officer (CDO)’ during the quarter and he will be part of the executive leadership team.

SK was earlier with Accenture, where he was the Managing Director and Technology Delivery Lead for Financial Services. Prior to Accenture, SK was part of the leadership team at Cognizant and Infosys, where he performed key roles. In his more than 30 years of rich experience, he has been involved in all aspects of technology services - in delivery, sales, and client engagement roles.

In his role as CDO, he heads the Delivery Organization, and works closely with teams to enhance the project delivery organization, while developing methodology to enhance the business reputation of the brand. He is also responsible for Global Operations.

About Birlasoft

Enterprise to the Power of Digital™

Birlasoft combines the power of domain, enterprise and digital technologies to reimagine business processes for customers and their ecosystem. Its consultative and design thinking approach makes societies more productive by helping customers run businesses. As part of the multibillion dollar diversified CK Birla Group, Birlasoft with its 10,000+ professional, is committed to continuing our 157-year heritage of building sustainable communities.

For further information, visit www.Birlasoft.com.

For further information please contact:

<p>Vikas Jadhav Head – Investor Relations +91 9545450975 vikas.jadhav@birlasoft.com</p>	<p>Suma Nair Media Relations +91 9833084449 Suma.Nair@birlasoft.com</p>
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Disclaimer.

Some of the statements in this update that are not historical facts are forward-looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry

FACT SHEET

Q1 FY 2019-20

\$ 111.7 mn

Q1 Revenue

10.0 %

EBITDA %

Rs. 4,775 mn

Q1 20 Net Cash

Key Metrics.

Revenues by

Client Geography	Quarter Ended		Quarter Ended
	Q3 FY19 #	Q4 FY19	Q1 FY20
Americas	77.8%	79.0%	76.3%
Europe	12.1%	11.1%	12.4%
Rest of the World	10.1%	9.9%	11.3%
Total	100.0%	100.0%	100.0%

Revenue by Industry Verticals	Quarter Ended		Quarter Ended
	Q3 FY19 #	Q4 FY19	Q1 FY20
Discrete Manuf, Hitech & Media	19.6%	19.4%	19.2%
BFSI	20.2%	20.2%	19.3%
Energy & Utilities	18.9%	18.5%	18.1%
CPG, Retail & Process Manuf	15.2%	13.5%	14.3%
Lifesciences	13.6%	15.2%	14.6%
Automotive	12.6%	13.1%	14.5%
Total	100.0%	100.0%	100.0%

Revenue by Service Offerings	Quarter Ended		Quarter Ended
	Q3 FY19 [#]	Q4 FY19	Q1 FY20
Integrated Enterprise Solutions (IES)	31.1%	31.4%	33.0%
SAP	20.5%	20.4%	19.2%
Digital Transformation (DT)	30.0%	29.1%	28.6%
Custom Application Development	10.2%	10.9%	10.8%
Other horizontals	8.2%	8.2%	8.4%
Total	100.0%	100.0%	100.0%

Revenues by Contract Type	Quarter Ended		Quarter Ended
	Q3 FY19 [#]	Q4 FY19	Q1 FY20
Time & Material	55.6%	57.0%	54.8%
Fixed Price, Fixed Monthly	44.4%	43.0%	45.2%
Total	100.0%	100.0%	100.0%

Revenues Mix	Quarter Ended		Quarter Ended
	Q3 FY19 [#]	Q4 FY19	Q1 FY20
Onsite	57.3%	56.9%	55.0%
Offshore	42.7%	43.1%	45.0%
Total	100.0%	100.0%	100.0%

Exchange Rate (INR/USD)	Quarter Ended		Quarter Ended
	Q3 FY19 [#]	Q4 FY19	Q1 FY20
Period Average	71.50	69.68	69.55
Period End	69.79	69.15	68.92

Deal Wins (excludes renewals)

Deal Wins	Q4 FY19	Q1 FY20
Total Contract Value (TCV) - in USD Mn	50	58

DSO

DSO	Q3 FY19 [#]	Q4 FY19	Q1 FY20
Days Sales Outstanding - Billed	84	79	81

Hedge Details

Hedge Book	Quarter Ended	
	Q4 FY19	Q1 FY20
USD mn	28	50.4
Average rate in INR	72.8	71.6
GBP Mn	6	-
Average rate in INR	82.6	-
Euro Mn	7	-
Average rate in INR	91.0	-

Client Data

Client Data	Quarter Ended		Quarter Ended
	Q3 FY19 [#]	Q4 FY19	Q1 FY20
No of Active Clients	400	401	398
Clients added	2	1	(3)
No of million \$ clients (LTM)			
US\$ 1mn+ Clients	82	84	86
US\$ 5mn+ Clients	16	16	16
US\$ 10mn+ Clients	4	5	5
Client Contribution to Revenue (LTM)			
Top 5	27.0%	26.4%	26.0%
Top 10	36.8%	36.2%	36.5%
Top 20	49.7%	48.8%	49.0%

Headcount Metrics

Headcount Metrics	Quarter Ended		Quarter Ended
	Q3 FY19 [#]	Q4 FY19	Q1 FY20
Total Headcount	9,953	10,061	10,085
Technical	8,906	9,013	8,884
Sales & Support	1,047	1,048	1,201
Women Employees	2,159	2,203	2,257
Attrition (LTM)	19.0%	19.9%	21.7%

[#] Metrics for Q3 FY19 are on a Proforma Basis (Combined entity i.e. Birlasoft (India) Ltd + KPIT IT Services' business).

Consolidated Income Statement for quarter ended June 30, 2019

Particulars Quarter Ended	In USD Mn			In INR Mn		
	31-Mar-19	30-Jun-19	QoQ	31-Mar-19	30-Jun-19	QoQ
	(Audited)	(Unaudited)		(Audited)	(Unaudited)	
Revenue from operations	113.1	111.7	-1.2%	7,883	7,772	-1.4%
Expenses						
Employee benefits expense	71.2	70.7	-0.6%	4,959	4,920	-0.8%
Other expenses	33.1	29.9	-9.5%	2,303	2,080	-9.7%
EBITDA	8.9	11.1	24.6%	621	772	24.3%
<i>EBITDA Margin %</i>	<i>7.9%</i>	<i>9.9%</i>	<i>206</i>	<i>7.9%</i>	<i>9.9%</i>	<i>206</i>
Depreciation & amortization	1.9	3.0	59.7%	130	207	59.4%
Finance costs	0.4	0.7		28	46	
Other income (net)	2.4	1.2	-50.1%	170	84	-50.2%
Exceptional items	2.5	-		176	-	
Profit before tax (PBT)	11.6	8.7	-25.2%	809	604	-25.4%
Provisions for Tax	2.1	2.7	25.4%	148	186	25.2%
Profit for the Period	9.5	6.0	-36.6%	661	418	-36.7%
Merger & integration costs	3.0	0.1		212	4	
* Adjusted EBITDA	11.9	11.2	-6.6%	832	776	-6.8%
Adj EBITDA Margin %	10.6%	10.0%	(57)	10.6%	10.0%	(57)
* Adjusted PAT	12.5	6.1	-51.5%	872	422	-51.6%
Adj PAT Margin %	11.1%	5.4%		11.1%	5.4%	

* Adjusted for merger and integration related expenses

Consolidated Balance Sheet Statement

Particulars as at	in USD Mn		in INR Mn	
	31 Mar, 2019	30 Jun, 2019	31 Mar, 2019	30 Jun, 2019
	(Audited)	(Unaudited)	(Audited)	(Unaudited)
ASSETS				
Non-current assets				
Property, plant and equipment	20.9	19.9	1,444	1,374
Right-to-use assets	-	23.4	-	1,609
Goodwill	61.0	61.2	4,219	4,217
Other intangible assets	3.1	2.6	218	177
Loans	1.5	2.2	100	150
Other financial assets	1.2	0.3	84	24
Income tax assets (net)	10.0	10.1	691	696
Deferred tax assets (net)	20.7	21.1	1,433	1,451
Other non-current assets	0.7	0.9	52	60
Current assets				
Financial assets				
Investments	27.6	2.5	1,909	175
Trade receivables	102.8	104.0	7,107	7,165
Cash and cash equivalents	52.3	40.2	3,617	2,770
Other balances with banks	2.2	26.6	155	1,831
Loans	0.7	0.5	48	34
Unbilled revenue	14.0	20.4	970	1,406
Other financial assets	28.0	18.4	1,938	1,269
Other current assets	14.3	11.8	990	814
TOTAL ASSETS	361.2	366.0	24,976	25,222

Particulars as at	31 Mar, 2019	30 Jun, 2019	31 Mar, 2019	30 Jun, 2019
	(Audited)	(Unaudited)	(Audited)	(Unaudited)
EQUITY AND LIABILITIES				
Equity share capital	7.9	8.0	548	549
Other equity	239.9	248.1	16,587	17,097
Liabilities - Non-current				
Financial liabilities			-	-
Lease liabilities	-	18.1	-	1,247
Other non current liabilities	0.9	-	59	-
Provisions	9.2	11.9	637	817
Current liabilities				
Financials Liabilities				
Borrowings	5.5	0.0	381	2
Trade payables	31.1	27.1	2,148	1,870
Lease liabilities	-	6.0	-	416
Other financial liabilities	45.6	29.8	3,155	2,051
Other current liabilities	12.8	11.6	887	797
Provisions	2.5	0.1	174	7
Income tax liabilities (net)	5.8	5.3	399	367
TOTAL EQUITY AND LIABILITIES	361.2	366.0	24,976	25,222

Consolidated Cash Flow Statement as at June 30, 2019

Particulars for the Quarter ended June 30, 2019	in USD Mn	in INR Mn
Cash Profit for Q1 FY20	10.7	734
Movements in working capital	(15.9)	(1,094)
Cash Generated from Operations (CFO)	(5.2)	(359)
Income tax	(3.2)	(222)
Net cash flow (used in)/from investing activities	24.7	1,702
Net cash flow (used in) financing activities	(4.7)	(325)
Total Increase/(Decrease) in cash balance	11.5	795
Opening cash balance as on March 31, 2019	54.5	3,772
Forex	0.8	34
Total Net Cash balance as at June 30, 2019	66.8	4,601

Birlasoft Q1 FY20 Earnings Conference Call on 08-Aug-19 at 10:00 hrs.

Dial in Information

India 10:00 am IST. Hong Kong / Singapore - 12:30; London 5:30; New York 00:30

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