

Investor Update

Q1 FY 2023-24

A 3D bar chart with several bars of varying heights, rendered in a light grey, semi-transparent style. The chart is set against a dark background that features a glowing circuit board pattern with white lines and dots. The bars are arranged in a slightly staggered, perspective view, giving a sense of depth and modern technology.

Birlasoft's Q1FY24 Revenue up 3.1% QoQ to \$154Mn

EBITDA margin expands 168 bps QoQ to 15.3%

Sustained strong quarterly cash flow generation with OCF-to-EBITDA at 101%

New Delhi (India), July 27, 2023: Birlasoft, a part of the USD 2.9 billion diversified **CK Birla Group**, today reported its unaudited consolidated financial results for the first quarter ended June 30, 2023.

Mr. Angan Guha, Chief Executive Officer and Managing Director, Birlasoft, said, "We have delivered a robust operating performance during the quarter on both the revenue and margin fronts. I am pleased to note that our quarterly revenue has crossed the \$150 million mark for the first time, increasing 3.1% sequentially to \$153.6 million during Q1FY24. Our growth-led performance during the quarter reflects our sharp focus on execution during a period that has been characterised by a high degree of macro-economic uncertainty. We continue to strengthen our tech capabilities and

have been early adopters of new technologies such as Generative AI where we have already developed multiple solutions."

"Our revenue during the quarter under review grew 9.4% year-on-year and 3.0% quarter-on-quarter to Rs 12,628 million, while EBITDA margin expanded about 170 basis points to 15.3%. At the same time, we continued to generate strong cash flows with a quarterly collection of \$153.7 million during Q1FY24, which is the third instance of quarterly collections crossing the \$150Mn-mark in the last five quarters. We continue to prioritise financial discipline and operational efficiency as we navigate through the prevailing uncertain market conditions," said **Ms Kamini Shah, Chief Financial Officer**, Birlasoft.

Key Financial highlights for Q1 FY24

In INR ₹

- Revenue up 3.0% QoQ during the quarter at ₹ 12,628 M
- EBITDA at ₹ 1,931 M; up 15.7% QoQ, EBITDA margin at 15.3%
- PAT at ₹ 1,375 M, up 23% QoQ and 14% YoY, translating to basic EPS (not annualized) of ₹4.97

In USD \$

- Revenue at \$153.6 M: Up 3.1% QoQ & up 3.4% YoY
- In constant currency terms, revenues up 2.7% QoQ
- EBITDA at \$ 23.5 M; EBITDA margin expands 168 bps QoQ to 15.3%
- PAT at \$ 16.7 M, up 23% QoQ

Revenue and earnings during Q1FY'24 reflect the receipt of \$2 million for Disengagement Services ending on May 31, 2023 in line with the Settlement and Mutual Release Agreement that the company's wholly-owned subsidiary Birlasoft Solutions Inc. (BSI) had entered into with Invacare Corp (Invacare) during Q1FY24.



Other operating highlights

- Growth during Q1FY24 driven by BFSI and Manufacturing among verticals, and by both emerging tech and enterprise solutions including Infrastructure and ERP, among service lines
 - **Digital & Cloud up 16.4% YoY**
 - Top clients led growth during the quarter: **Revenue from Top 5, Top 10 and Top 20 clients grew YoY by 12.2%, 8.9% and 4.6% respectively**
- Signed deals of TCV \$ 146 M during the quarter
 - TCV new deal wins of \$ 80 M and renewals of \$ 66 M
- Active Client Count at 285 in Q1, reflecting intent to rationalize the 'tail'
 - > \$ 1 M customers at 86, up by 4 YoY
 - > \$ 5 M customers at 27, up by 2 YoY
- **Cash & Cash equivalents rise to \$ 160.0 M** by end of Q1 FY24 versus \$ 137.3 M at end of Q4FY23
 - In rupee terms, cash and cash equivalents increased to ₹ 13,123 M at the end of Q1FY24 from ₹ 11,278 M at the end of the preceding quarter
- **DSO stable at 53 days**, reflecting the quality of services being delivered to customers
- Workforce strength increases to 12,235 as at 30th June 2023, and **attrition improves further to 18.8% during Q1FY24** (from 22.1% a quarter ago and 27.9% a year ago)
- Birlasoft is **establishing a Generative AI Centre of Excellence, in collaboration with Microsoft**. This strategic initiative aims to accelerate value creation and foster innovation in the adoption of Generative AI, to deliver cutting-edge enterprise solutions across industries.

Deal wins for the quarter

- Awarded business for an AMS deal in Digital for a Financial Services organisation
- Won a CRM Development deal and mandate to manage Global Program & Project Management Services for a med-tech major's technology projects across the value chain in the US & RoW, under Lifesciences vertical.
- Secured a Digital deal to complement the existing efforts of a key BFSI customer in North America.
- Signed a JDE development deal with a new customer in Europe.
- Received a renewal for continuation as a preferred partner of an Aerospace organization for a product life cycle and engineering applications engagement.

Awards & Recognitions

- Birlasoft launched **bCloud+** to Enable Enterprises to Migrate their JD Edwards Workloads to Oracle Cloud Infrastructure
- Birlasoft recognized as a **Finalist for the 2023 Microsoft Partner of the Year Awards**
- Birlasoft officially announced as **Microsoft Solution Partner in Security**
- Birlasoft recognized as a "**Disruptor**" in **Avasant's Internet of Things Services 2023 RadarView™**
- Birlasoft recognized as a "Leader" in the SAP Ecosystem 2023 ISG Provider Lens™ Study
- Birlasoft recognized in "The Booming 15" category for Service and Technology Provider Standouts - 'Global' and 'Americas' in ISG Index 1Q 2023. This is for the twelfth time (for Americas) and tenth time (for Global)
- Birlasoft on Air Radio won Gold at the prestigious Golden Mikes Award in the Best Podcast/Audio Series- Education category



About Birlasoft

Challenge The Norm

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 The **CK Birla Group**, Birlasoft, with its 12,000+ professionals, is committed to continuing its 161-year heritage of building sustainable communities. For further information, visit www.birlasoft.com.

For further information please contact:

Abhinandan Singh

Investors / Analysts

+91 9820293450

abhinandan.singh@birlasoft.com

Tanushree Mahanty

Media

+91 9899195348

tanushreem1@birlasoft.com

Fact Sheet

Q1 FY 2023-24

INR Revenue up 9.4% YoY

EBITDA Margin expands to 15.3%

\$ 146 M TCV Deal wins

Key Financial Metrics

Key Financial Metrics - Q1 FY24				Growth (%)	
				QoQ	YoY
Constant Currency (CC) Revenue growth during Q1 FY24				2.7%	3.6%
Financials \$ M	Q1 FY23	Q4 FY23	Q1 FY24	Growth (%)	
				QoQ	YoY
Revenue \$ M	148.6	149.1	153.6	3.1%	3.4%
EBITDA Margin %	14.7%	13.6%	15.3%		
EBIT Margin %	13.0%	11.9%	13.6%		
Effective Tax Rate %	25.7%	19.7%	24.3%		
PAT \$ M	15.5	13.6	16.7		
PAT - Net Profit Margin %	10.5%	9.1%	10.9%		
EPS - Earnings Per Share (In ₹)					
Basic ₹	4.29	4.07	4.97		
Diluted ₹	4.25	4.02	4.92		
Days Sales Outstanding - Billed	58	53	53		

Key Operating Metrics



Revenue by Geography	Quarter Ended		
	Q1 FY23	Q4 FY23	Q1 FY24
Americas	84.9%	85.3%	84.0%
Europe	9.2%	9.0%	10.1%
Rest of the World	5.9%	5.7%	6.0%
Total	100.0%	100.0%	100.0%

Revenue by Industry Verticals	Quarter Ended		
	Q1 FY23	Q4 FY23	Q1 FY24
Manufacturing	41.4%	40.1%	40.7%
BFSI	17.8%	20.5%	20.7%
Energy & Utilities	14.3%	14.9%	14.3%
Lifesciences & Services	26.5%	24.5%	24.4%
Total	100.0%	100.0%	100.0%

Revenue by Service Offerings	Quarter Ended		
	Q1 FY23	Q4 FY23	Q1 FY24
Data & Analytics	25.8%	27.9%	26.7%
Digital & Cloud	28.0%	31.7%	31.5%
ERP	37.9%	32.8%	33.4%
ICTS	8.4%	7.6%	8.4%
Total	100.0%	100.0%	100.0%

Key Operating Metrics



Revenue by Contract Type	Quarter Ended		
	Q1 FY23	Q4 FY23	Q1 FY24
Time & Material	40.8%	38.3%	38.5%
Fixed Price, Fixed Monthly	59.2%	61.7%	61.5%
Total	100.0%	100.0%	100.0%

Revenue Mix	Quarter Ended		
	Q1 FY23	Q4 FY23	Q1 FY24
Onsite	51.1%	48.6%	49.0%
Offshore	48.9%	51.4%	51.0%
Total	100.0%	100.0%	100.0%

Deal Wins - New	Q1 FY23	Q4 FY23	Q1 FY24
Total Contract Value (TCV) - in \$ M	112	114	80

Currency Mix of Revenue	Quarter Ended		
	Q1 FY23	Q4 FY23	Q1 FY24
USD	86.2%	86.3%	84.5%
GBP	1.5%	2.1%	4.3%
EUR	3.7%	3.3%	3.0%
Others	8.6%	8.4%	8.2%
Total	100.0%	100.0%	100.0%

Key Operating Metrics



Exchange Rate (₹/US \$)	Quarter Ended		
	Q1 FY23	Q4 FY23	Q1 FY24
Period Average	77.67	82.26	82.20
Period End	78.97	82.17	82.04

Client Data	Quarter Ended		
	Q1 FY23	Q4 FY23	Q1 FY24
No of Active Clients	300	288	285
Clients added - QoQ	4	(11)	(3)
No of million \$ clients (LTM)			
US\$ 1mn+ Clients	82	83	86
US\$ 5mn+ Clients	25	26	27
US\$ 10mn+ Clients	13	13	13
Client Contribution to Revenue (LTM)			
Top 5	30.7%	32.8%	33.3%
Top 10	47.0%	48.7%	49.6%
Top 20	63.1%	63.9%	63.9%

LTM - last twelve months

Key Operating Metrics



Headcount Metrics	Quarter Ended		
	Q1 FY23	Q4 FY23	Q1 FY24
Total Headcount	12,565	12,193	12,235
Technical	11,351	11,043	11,061
Sales & Support	1,214	1,150	1,174
Women Employees	2,897	2,852	2,863
Attrition* (LTM)	27.9%	22.1%	18.8%
Utilization	82.5%	84.8%	84.9%

* adjusted for < 6 months exits

Hedge Book	Quarter Ended		
	Q1 FY23	Q4 FY23	Q1 FY24
USD Mn	104.5	92.0	115.0
Average rate in ₹	78.6	82.9	83.3
GBP Mn	5.6	6.5	9.4
Average rate in ₹	98.6	97.7	100.9
Euro Mn	4.3	6.4	6.4
Average rate in ₹	85.8	87.0	89.3

Consolidated Income Statement for the quarter ended June 30, 2023



Particulars	In \$ M			QoQ	YoY	
	Quarter ended	30-Jun-22	31-Mar-23			30-Jun-23
		Unaudited	Audited			Unaudited
Revenue from operations		148.6	149.1	153.6	3.1%	3.4%
Expenses						
Employee benefits		84.7	88.7	90.4		
Other expenses		42.1	40.1	39.8		
EBITDA		21.9	20.3	23.5	15.8%	7.5%
<i>EBITDA Margin %</i>		<i>14.7%</i>	<i>13.6%</i>	<i>15.3%</i>	<i>168 bps</i>	<i>58 bps</i>
Depreciation & amortization		2.5	2.5	2.6		
EBIT		19.3	17.7	20.9	17.7%	8.1%
<i>EBIT Margin %</i>		<i>13.0%</i>	<i>11.9%</i>	<i>13.6%</i>	<i>170 bps</i>	<i>59 bps</i>
Other income (net)		2.0	(0.3)	1.7		
Finance costs		0.4	0.5	0.5		
Profit before tax (PBT)		20.9	17.0	22.1	30.1%	5.7%
Total tax expense		5.4	3.3	5.4		
Profit for the period (PAT)		15.5	13.6	16.7	22.6%	7.7%
<i>PAT Margin %</i>		<i>10.5%</i>	<i>9.1%</i>	<i>10.9%</i>	<i>175 bps</i>	<i>43 bps</i>

Average \$/₹ rate of ₹77.7 for Q1 FY23, ₹82.3 for Q4 FY23 and ₹82.2 for Q1 FY24

Consolidated Income Statement for the quarter ended June 30, 2023



Particulars	In ₹ M			QoQ	YoY	
	Quarter ended	30-Jun-22	31-Mar-23			30-Jun-23
		Unaudited	Audited			Unaudited
Revenue from operations		11,544	12,264	12,628	3.0%	9.4%
Expenses						
Employee benefits		6,579	7,294	7,428		
Other expenses		3,268	3,300	3,268		
EBITDA		1,698	1,670	1,931	15.7%	13.7%
<i>EBITDA Margin %</i>		<i>14.7%</i>	<i>13.6%</i>	<i>15.3%</i>	<i>168 bps</i>	<i>58 bps</i>
Depreciation & amortization		196	210	214		
EBIT		1,502	1,460	1,717	17.6%	14.4%
<i>EBIT Margin %</i>		<i>13.0%</i>	<i>11.9%</i>	<i>13.6%</i>	<i>170 bps</i>	<i>59 bps</i>
Other income (net)		155	(23)	141		
Finance costs		33	40	42		
Profit before tax (PBT)		1,624	1,397	1,816	30.0%	11.8%
Total tax expense		417	276	440		
Profit for the period (PAT)		1,207	1,122	1,375	22.6%	13.9%
<i>PAT Margin %</i>		<i>10.5%</i>	<i>9.1%</i>	<i>10.9%</i>	<i>175 bps</i>	<i>43 bps</i>

Average \$/₹ rate of ₹77.7 for Q1 FY23, ₹82.3 for Q4 FY23 and ₹82.2 for Q1 FY24

Consolidated Balance Sheet as on June 30, 2023



Particulars as at	\$ M			₹ M		
	30-Jun-22	31-Mar-23	30-Jun-23	30-Jun-22	31-Mar-23	30-Jun-23
ASSETS	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
Non-current assets						
Property, plant and equipment	17.8	17.3	16.2	1,405	1,423	1,331
Right-of-use assets	13.2	11.0	10.2	1,044	902	837
Capital work-in-progress	1.6	0.8	1.1	126	65	93
Goodwill	59.4	59.6	59.7	4,688	4,896	4,894
Other intangible assets	1.1	1.7	1.5	85	138	124
Intangible assets under development	0.3	-	-	27	-	-
Financial assets						
Investments	8.1	9.0	2.9	641	741	240
Other financial assets	1.7	3.3	1.7	132	273	139
Income tax assets (net)	5.1	6.0	6.2	404	493	505
Deferred tax assets (net)	12.1	14.2	14.2	953	1,171	1,161
Other non-current assets	2.1	0.9	1.0	162	74	84
Current assets						
Financial assets						
Investments	87.0	59.5	80.6	6,866	4,890	6,613
Trade receivables						
Billed	97.2	89.0	87.3	7,674	7,316	7,160
Unbilled	26.1	21.4	27.0	2,063	1,755	2,214
Cash and cash equivalents	45.7	56.8	63.6	3,605	4,669	5,222
Other balances with banks & deposits	11.7	10.5	12.8	928	866	1,047
Other financial assets	2.1	0.7	2.1	163	60	171
Other current assets	45.9	26.1	26.0	3,622	2,141	2,135
TOTAL ASSETS	438.0	387.9	414.0	34,590	31,873	33,967

Consolidated Balance Sheet as on June 30, 2023



Particulars as at	\$ M			₹ M		
	30-Jun-22	31-Mar-23	30-Jun-23	30-Jun-22	31-Mar-23	30-Jun-23
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
EQUITY AND LIABILITIES						
Equity share capital	7.1	6.7	6.7	560	550	550
Other equity	340.0	291.3	311.7	26,851	23,933	25,569
Liabilities - Non-current						
Financial liabilities						
Lease liabilities	10.6	8.1	7.2	835	662	592
Provisions	7.6	5.9	5.9	599	487	488
Current liabilities						
Financials Liabilities						
Trade payables	25.9	28.2	34.3	2,045	2,314	2,810
Lease liabilities	4.1	4.3	4.3	321	356	354
Other financial liabilities	13.7	16.7	15.9	1,083	1,369	1,303
Other current liabilities	18.3	15.0	12.5	1,447	1,235	1,029
Provisions	5.0	7.8	8.3	396	639	684
Income tax liabilities (net)	5.7	4.0	7.2	451	326	588
TOTAL EQUITY AND LIABILITIES	438.0	387.9	414.0	34,590	31,873	33,967

\$/₹ rate of ₹79.0 for Jun 22, of ₹82.2 for Mar 23 and ₹82.0 for Jun 23

Consolidated Cash Flow Statement for Q1 FY24



Particulars	30-Jun-23	
	₹ M	\$ M
Profit before tax	1,816	22.1
Items to reconcile profit before tax to net cash flows		
Add: non cash items		
Depreciation of property, plant and equipment & amortization of intangible assets	214	2.6
Allowance for doubtful debts-trade receivables (net of recoveries)	(1,557)	(18.9)
Share based compensation expenses	148	1.8
Unrealized foreign exchange loss/ (gain)	10	0.1
Interest on lease liabilities	20	0.2
Less: interest & other items		
Interest income	(91)	(1.1)
Others	(57)	(0.7)
Operational cash profit	504	6.1
Movements in working capital	1,646	20.0
Cash generated from operations	2,149	26.1
Income tax (paid) / received	(206)	(2.5)
Net cash flow (used in)/from investing activities	(1,145)	(13.9)
Net cash flow (used in) financing activities	(65)	(0.8)
Balance cash Flow	734	8.9
Total increase/(decrease) in cash balance	734	8.9
Opening cash balance	5,535	67.5
Foreign exchange fluctuation		0.2
Total cash balance	6,269	76.6

Average \$/₹ rate of ₹77.7 for Q1 FY23, ₹82.3 for Q4 FY23 and ₹82.2 for Q1 FY24

Q1FY24 Earnings Conference Call on 27th July 2023 at 5.00 p.m. (IST)



Dial in Information

India 17:00 hours IST; Hong Kong / Singapore 19:30 hours; London 12:30 hours; New York 7:30 hours

Universal Dial In	India	+91 22 6280 1179
	India	+91 22 7115 8840
India National Toll Free	India	1 800 120 1221
International Toll Free	Argentina	0080014243444
	Australia	1800053698
	Belgium	0080014243444
	Canada	01180014243444
	China	4008428405
	France	0800914745
	Germany	0080014243444
	Hong Kong	800964448
	Italy	0080014243444
	Japan	00531161110
	Netherlands	08000229808
	Poland	008001124248
	Singapore	8001012045
	South Korea	00180014243444
	Sweden	0080014243444
Thailand	00180014243444	
UK	08081011573	
USA	18667462133	
Playback Start Date: 27th July 2023	Playback Code: 82063	
Playback End Date: 29th July 2023	Dial-in Number: India (+91 22 7194 5757)	

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 and statements concerning our plans, strategies, intentions, and beliefs relating to our business and the markets in which we operate. These statements are based on available information, 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 the industry.