

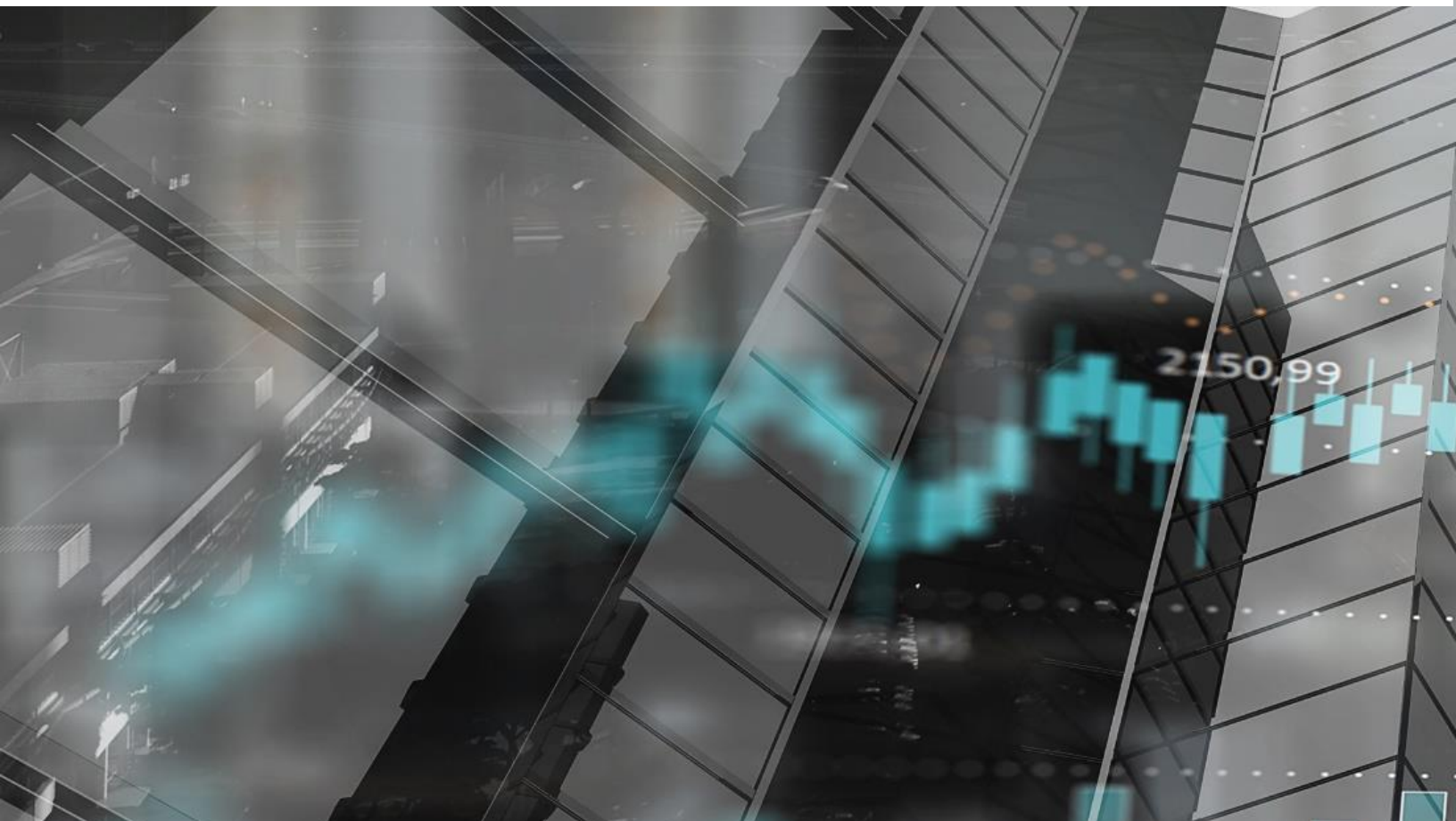


Investor update

Q3 FY 2019-20



birlasoft



Birlasoft Q3 PAT at Rs 73 crs; up 78% QoQ

Revenue at \$ 117 M, up 6.3% QoQ, EBITDA Margin at 13% vs 11% in Q2

Gurugram, January 31, 2020: Birlasoft [BSE: 532400, NSE: BSOFT], a part of the USD 2.4 billion diversified CK Birla Group, reported its unaudited consolidated financial results for the third quarter ended December 31, 2019.

Dharmender Kapoor, Managing Director and Chief Executive Officer, Birlasoft, said, *“Our laying of the foundation for growth in the last one year has borne fruits, reflected in our Q3 performance which witnessed healthy growth in revenue, margin and cash flows. I feel optimistic about improved growth and profitability going forward.”*

Key Financial highlights for Q3 FY20 in (USD)

- Revenue at \$ 116.8 M, up 6.3% QoQ & 1.0% YoY #
- EBITDA at \$ 15.1 M, up 24.0% QoQ & 47.8% YoY
 - EBITDA margin at 12.9% vs 11.1% in Q2
- Profit after Tax at \$ 10.2 M, up 75.7% QoQ & 77.1% YoY

YoY comparison is on proforma financials for Q3 FY19

Key Financial highlights for Q3 FY20 in (INR)

- Revenue at Rs. 8,333 M, up 7.7% QoQ & 0.8% YoY
- EBITDA at Rs 1,075 M, up 25.7% QoQ & 47.5% YoY
 - EBITDA margin at 12.9%, expansion of 184 bps QoQ and 408 bps YoY
- Profit after Tax at Rs 727 M, up 78.0% QoQ and 76.7% YoY

Other highlights

- Board declares interim dividend of Rs. 1/- per share (Face Value Rs 2)
- Manpower strength at 10,129 as of 31st December 2019
 - Added 135 professionals QoQ
- Net Cash and Cash Equivalent of Rs 6,854 M (\$ 96.2 M) as of 31st December 2019
 - Up by Rs. 1,346 M QoQ (\$ 18.9M)
- DSO at 65 days, down by 16 days QoQ, 19 days YoY
- Active Client Count at 381

Deal wins for the quarter

- Selected by a US Medical Equipment major to deliver complete IT-as-a-Service (ITaaS). The deal encompasses Birlasoft to deliver multi services and solutions viz. implementation of SAP S/4HANA and PLM system, building a new ecommerce platform, customer experience and a new analytic platform. Birlasoft will also use automation and AI to modernize and maintain systems, provide service desk provisioning, applications server, network and support.
- Chosen by a multinational US Financial Services company to transform and enhance its customer experience through implementation of Customer Relationships Management suite.

- Selected by a US Industrial Equipment major for implementation, roll out and support of its J D Edwards Enterprise ERP stack.
- Selected by a leading US Airline major for, enhancing customer experience, through development of automated booking services.
- Selected by a US Specialty Medical Devices major for Implementation of SAP's Enterprise Master Data Governance Software.
- Chosen by an UK industrial manufacturing major, to provide functional support for its J D Edwards ERP software.

Business Highlights, Awards and Recognition

- Honored with the ACE Alliance Award 2019 by SAP® for customer excellence and delivery in SAP Product Support. SAP also felicitated Birlasoft as the best-running center of SAP. The recognition was based on evaluation of Key Performance Indicators (KPIs), including consistent high-quality delivery, engagement in next-generation support initiatives, and support beyond regular delivery
- Birlasoft was listed among the leading providers in the Booming 15 category, both globally and for the Americas region, based on Annual Contract Value (ACV) won over the last 12 months, according to the 3Q 2019 Global ISG Index™. Birlasoft's inclusion in the ISG Index™ Sourcing Standouts list is based on a rigorous evaluation of the data the company submits to ISG each quarter.
- Won the 'Oracle Excellence Award 2019' in the "SCM Cloud Partner of the Year" and the "Emerging Technologies Partner of the Year" categories at the Oracle India Partner Forum FY19 in Jaipur.
- Birlasoft and The Confederation of Indian Industry (CII) Foundation, signed an MoU towards the third phase of Shodhan, a crop residue management program. The program aims at improving the quality of air through "Zero Stubble Burning"; a yearlong mass movement to eradicate stubble burning in 13,000 acres of farmland across 20 villages of Punjab and Haryana and curb air pollution caused by it. The project is focused on bringing about behavioral change among farmers and promote the adoption of sustainable and environment-friendly straw management and farm practices.
- Recognized with the 'Companies with Great Managers' award at the 4th Edition of the 'Great Managers Awards' 2019. The Great Managers Awards™ is a People Business initiative, partnered by Economic Times and ET NOW. This program helps identify, recognize and reward organizations with "Great Managers" in India and enables the participant organizations to compare and benchmark themselves and their managers across the industry
- Birlasoft mentioned and acknowledged in Fortune India 500's list of prestigious companies for 2019.

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 10,100+ professional, is committed to continuing our 157-year heritage of building sustainable communities.

For further information, visit www.Birlasoft.com.

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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

Q3 FY 2019-20

Rs. 1/- Interim Dividend

12.9 % Q3 EBITDA %

Rs. 6,854 mn Q3 20 Net Cash

Key Metrics.

Revenues by

Client Geography	Quarter Ended		Quarter Ended		
	Q3 FY19 [#]	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20
Americas	77.8%	79.0%	76.3%	78.4%	79.6%
Europe	12.1%	11.1%	12.4%	11.0%	10.6%
Rest of the World	10.1%	9.9%	11.3%	10.5%	9.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

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

Revenue by Industry Verticals	Quarter Ended		Quarter Ended		
	Q3 FY19 [#]	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20
Discrete Manuf, Hitech & Media	19.6%	19.4%	19.2%	19.8%	17.4%
BFSI	20.2%	20.2%	19.3%	19.9%	18.8%
Energy & Utilities	18.9%	18.5%	18.1%	17.8%	18.3%
CPG, Retail & Process Manuf	15.2%	13.5%	14.3%	11.6%	12.4%
Lifesciences	13.6%	15.2%	14.6%	16.9%	19.6%
Automotive	12.6%	13.1%	14.5%	14.1%	13.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Revenue by Service Offerings	Quarter Ended		Quarter Ended		
	Q3 FY19 #	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20
Integrated Enterprise Solutions (IES)	31.1%	31.4%	33.0%	32.5%	32.6%
SAP	20.5%	20.4%	19.2%	16.8%	16.8%
Digital Transformation (DT)	30.0%	29.1%	28.6%	28.4%	27.7%
Custom Application Development	10.2%	10.9%	10.8%	13.0%	13.0%
Other horizontals	8.2%	8.2%	8.4%	9.3%	9.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Revenues by Contract Type	Quarter Ended		Quarter Ended		
	Q3 FY19 #	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20
Time & Material	55.6%	57.0%	54.8%	58.0%	53.3%
Fixed Price, Fixed Monthly	44.4%	43.0%	45.2%	42.0%	46.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Revenues Mix	Quarter Ended		Quarter Ended		
	Q3 FY19 #	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20
Onsite	57.3%	56.9%	55.0%	54.7%	58.2%
Offshore	42.7%	43.1%	45.0%	45.3%	41.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Deal Wins - New	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	LTM
Total Contract Value (TCV) - in \$ Mn	50	58	30	278	416

Currency Mix of Revenue	Quarter Ended		Quarter Ended		
	Q3 FY19 #	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20
USD	78.5%	79.1%	77.1%	78.0%	78.2%
GBP	2.6%	2.6%	2.6%	2.8%	2.5%
EUR	6.2%	5.3%	6.8%	5.5%	6.3%
Others	12.7%	13.0%	13.5%	13.7%	13.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Exchange Rate (INR/USD)	Quarter Ended		Quarter Ended		
	Q3 FY19 #	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20
Period Average	71.50	69.68	69.55	70.39	71.33
Period End	69.79	69.15	68.92	70.68	71.27

Client Data	Quarter Ended		Quarter Ended		
	Q3 FY19 #	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20
No of Active Clients	400	401	398	381	381
Clients added	2	1	(3)	(17)	-
No of million \$ clients (LTM)					
US\$ 1mn+ Clients	82	84	86	86	85
US\$ 5mn+ Clients	16	16	16	16	15
US\$ 10mn+ Clients	4	5	5	5	6
Client Contribution to Revenue (LTM)					
Top 5	27.0%	26.4%	26.0%	27.1%	28.0%
Top 10	36.8%	36.2%	36.5%	37.1%	38.4%
Top 20	49.7%	48.8%	49.0%	49.9%	50.8%

LTM - last twelve months

Hedge Book	Quarter Ended		Quarter Ended		
	Q3 FY19 #	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20
USD mn	-	28	50.4	78.0	82.8
Average rate in INR	-	72.8	71.6	72.2	72.9
GBP Mn	-	6	-	0.9	1.0
Average rate in INR	-	91.0	-	89.4	92.3
Euro Mn	-	7	-	3.0	4.0
Average rate in INR	-	82.6	-	81.7	82.8

DSO	Q3 FY19 #	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20
Days Sales Outstanding - Billed	84	79	81	81	65

Headcount Metrics	Quarter Ended		Quarter Ended		
	Q3 FY19 #	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20
Total Headcount	9,953	10,061	10,085	9,994	10,129
Technical	8,906	9,013	8,884	8,947	9,046
Sales & Support	1,047	1,048	1,201	1,047	1,083
Women Employees	2,159	2,203	2,257	2,252	2,240
Attrition (LTM)	19.0%	19.9%	21.7%	22.5%	20.3%

Consolidated Income Statement for quarter ended Dec 31, 2019

Particulars	In USD Mn					In INR Mn					
	Quarter Ended	31-Dec-18	30-Sep-19	31-Dec-19	QoQ	YoY	31-Dec-18	30-Sep-19	31-Dec-19	QoQ	YoY
	(Proforma) #	(Unaudited)	(Unaudited)	(Proforma) #			(Unaudited)	(Unaudited)			
Revenue from operations	115.7	109.9	116.8	6.3%	1.0%	8,269	7,734	8,333	7.7%	0.8%	
Expenses											
Employee benefits expense	68.9	68.4	69.9	2.2%	1.5%	4,927	4,817	4,988	3.6%	1.2%	
Other expenses	36.6	29.3	31.8	8.7%	-12.9%	2,614	2,062	2,271	10.1%	-13.1%	
EBITDA	10.2	12.1	15.1	24.0%	47.8%	729	855	1,075	25.7%	47.5%	
<i>EBITDA Margin %</i>	<i>8.8%</i>	<i>11.1%</i>	<i>12.9%</i>	<i>184</i>	<i>408</i>	<i>8.8%</i>	<i>11.1%</i>	<i>12.9%</i>	<i>184</i>	<i>408</i>	
Depreciation & amortization	2.1	2.9	2.8			149	204	201			
Finance costs	0.5	0.6	0.6			34	41	40			
Other income (net)	1.4	0.4	2.5			98	29	178			
Exceptional items	-	-	-			-	-	-			
Profit before tax (PBT)	9.0	9.1	14.2	56.3%	57.3%	645	638	1,011	58.4%	56.9%	
Provisions for Tax	3.3	3.3	4.0			233	230	285			
Profit for the Period	5.8	5.8	10.2	75.7%	77.1%	411	408	727	78.0%	76.7%	
<i>PAT Margin %</i>	<i>5.0%</i>	<i>5.3%</i>	<i>8.7%</i>	<i>344</i>	<i>375</i>	<i>5.0%</i>	<i>5.3%</i>	<i>8.7%</i>	<i>344</i>	<i>375</i>	

Consolidated Balance Sheet Statement

Particulars as at	in USD Mn			in INR Mn		
	31 Mar, 2019	30 Sep, 2019	31 Dec, 2019	31 Mar, 2019	30 Sep, 2019	31 Dec, 2019
	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)
ASSETS						
Non-current assets						
Property, plant and equipment	20.9	19.8	21.4	1,444	1,398	1,525
Right-to-use assets	-	21.4	19.9	-	1,511	1,415
Goodwill	61.0	60.5	60.8	4,219	4,279	4,333
Other intangible assets	3.1	2.0	1.7	218	139	118
Financial assets						
Loans & advances	1.5	2.0	2.0	100	145	143
Other financial assets	1.2	1.2	1.7	84	87	121
Income tax assets (net)	10.0	9.9	11.7	691	701	834
Deferred tax assets (net)	20.7	21.0	20.5	1,433	1,481	1,463
Other non-current assets	0.7	0.6	1.9	52	41	137
Current assets						
Financial assets						
Investments	27.6	9.8	19.8	1,909	695	1,408
Trade receivables	102.8	105.3	89.9	7,107	7,442	6,404
Cash and cash equivalents	52.3	54.2	60.2	3,617	3,829	4,289
Other balances with banks	2.2	12.7	14.6	155	901	1,040
Loans & advances	0.7	0.6	0.6	48	43	43
Unbilled revenue	14.0	12.4	9.4	970	879	669
Other financial assets	28.0	8.2	5.2	1,938	578	369
Other current assets	14.3	17.6	16.8	990	1,242	1,200
TOTAL ASSETS	361.2	359.2	357.9	24,976	25,390	25,511

Particulars as at	in USD Mn			in INR Mn		
	31 Mar, 2019	30 Sep, 2019	31 Dec, 2019	31 Mar, 2019	30 Sep, 2019	31 Dec, 2019
	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)
EQUITY AND LIABILITIES						
Equity share capital	7.9	7.8	7.8	548	553	553
Other equity	239.9	240.4	249.8	16,587	16,994	17,804
Liabilities - Non-current						
Financial liabilities				-	-	-
Lease liabilities	-	18.3	17.0	-	1,297	1,213
Other non current liabilities	0.9	-	-	59	-	-
Provisions	9.2	9.5	9.9	637	671	705
Current liabilities						
Financials Liabilities						
Borrowings	5.5	-	-	381	-	-
Trade payables	31.1	30.5	23.4	2,148	2,154	1,670
Lease liabilities	-	4.3	4.4	-	305	314
Other financial liabilities	45.6	28.7	18.8	3,155	2,027	1,342
Other current liabilities	12.8	11.0	14.7	887	774	1,047
Provisions	2.5	2.4	2.4	174	168	169
Income tax liabilities (net)	5.8	6.3	9.7	399	447	694
TOTAL EQUITY AND LIABILITIES	361.2	359.2	357.9	24,976	25,390	25,511

Consolidated Cash Flow Statement for Dec 31, 2019 quarter

Cash Flow Statement for Q3'20	in USD Mn	in INR Mn
Cash Profit for Dec 2019	19.5	1,391
Movements in working capital	5.9	421
Cash Generated from Operations (CFO)	25.4	1,812
Income Tax	(2.1)	(152)
Net cash flow (used in)/from investing activities	(14.1)	(1,004)
Net cash flow (used in) financing activities	(1.0)	(75)
Total Increase/(Decrease) in cash balance	8.2	582
Opening cash balance as on September 30, 2019	66.4	4,730
Forex	0.2	18
Total Net Cash balance as at December 31, 2019	74.8	5,329

Q3 FY20 Earnings Conference Call on 31st January 2020 at 15:30 hrs (IST).

Dial in Information

India 15:30 IST. Hong Kong / Singapore - 18:00; London 10:00; New York 5:00

Universal Dial In	+91 22 6280 1179 +91 22 7115 8840	Local Dial In - all over India	+91 7045671221
India National Toll Free	1 800 120 1221 1 800 266 1221	International Toll Free	Hong Kong 800964448 Singapore 8001012045 UK 08081011573 USA 18667462133
		International Toll	Hong Kong 85230186877 Singapore 6531575746 UK 442034785524 USA 13233868721
Playback Start Date:	31 st January 2020	Playback Code:	94217
Playback End Date:	3 rd February 2020	Dial-in Number:	India (+91 22 71945757) India (+91 22 66635757)

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