

Investor Update

Q3 FY 2023-24



Birlasoft's Q3FY24 Revenue up 1.9% QoQ to \$161.3 Mn

EBITDA Margin expands to 16.0%



Sustained strong quarterly cash flow generation with OCF-to-EBITDA at 141%

New Delhi (India), January 24, 2024: Birlasoft, a leading IT services and solutions provider, today reported its unaudited consolidated financial results for the third quarter ended December 31, 2023. Birlasoft is part of the \$2.9 bn CK Birla Group, which has over 35,000 employees and 49 manufacturing facilities globally.

Mr. Angan Guha, Chief Executive Officer and Managing Director, Birlasoft, said, "We have delivered a strong and well-rounded operating performance, with a 1.9% sequential growth in revenue to \$161.3 million in a seasonally soft quarter and an expansion in EBITDA margin even after absorbing the full impact of compensation hikes. Deal signings during the quarter at \$218 million TCV too have been robust, comprising both renewals as well as net-new engagements. We continue to invest in our capabilities and have further

expanded our leadership team with the induction of Manjunath Kygonahally as chief executive for Rest of the World (ROW) region. The fundamentals of our business remain solid, and we stay focused on execution."

"Our revenue during the quarter under review grew 10% year-on-year to Rs 13,430 million. We delivered a strong margin performance too with EBITDA margin expanding to 16.0%, despite making sustained investments in our business and having rolled-out an organization-wide compensation increase effective September 1st. We continued to generate strong cash flows with best-in-class DSO at 51 days, resulting in operating cash flow at 141% of EBITDA. Our sharp focus on disciplined execution and operational efficiency position us well to successfully navigate through the current macroeconomic environment," said **Ms. Kamini Shah, Chief Financial Officer,** Birlasoft.

Key Financial highlights for Q3 FY24

In INR ₹

- Revenue at ₹ 13,430 M, up 2.5% QoQ and up 9.9% YoY
- EBITDA at ₹ 2,143 M; EBITDA margin at 16.0%
- PAT at ₹ 1,611 M, up 11.0% QoQ translating to basic EPS (not annualized) of ₹5.82
- Cash and cash equivalents increase 17% QoQ to ₹16,887 M

In USD \$

- Revenue at \$161.3 M: up 1.9% QoQ and up 8.7% YoY
- In constant currency terms, revenues up 1.8% QoQ
- EBITDA at \$ 25.7 M; EBITDA margin stable QoQ at 16.0%
- PAT at \$ 19.3 M, up 10.4% QoQ



Other operating highlights

- Growth during Q3FY24 driven with by all service lines and by E&U, Manufacturing and Lifesciences & Services (LSS) among verticals,
 - **Digital & Cloud up 21.3% YoY**
 - Top clients led growth during the quarter: **Revenue from Top 5, Top 10 and Top 20 clients grew YoY by 18.1%, 17.9% and 9.7% respectively**
- Signed deals of TCV \$ 218 M during the quarter with TCV new deal wins of \$ 94 M and renewals of \$ 124 M.
- Active Client Count at 272 in Q3FY24 (compared to 278 in Q2FY24 and 299 in Q3FY23), reflecting sustained rationalisation of the 'tail'.
- **Cash & Cash equivalents rise to \$ 203.0 M** by end of Q3 FY24 versus \$ 173.5 M at end of Q2 FY24
 - In rupee terms, cash and cash equivalents increased to ₹ 16,887 M at the end of Q3FY24 from ₹ 14,411 M at the end of the preceding quarter
- **DSO decreased to 51 days**, led by continued strong collections.
- Workforce strength increases QoQ to 12,356 as on 31st December 2023, and **attrition improves further to 12.6% during Q3FY24** (from 15.0% a quarter ago and 25.5% a year ago).
- Birlasoft has **inducted Manjunath Kygonahally**, a seasoned services industry professional, as CEO for Rest of the World (ROW) region who would be responsible for all business and strategic growth initiatives in the ROW region, comprising of all regions outside of the Americas.
- The company is leveraging its **Technology Transformation Initiative "Optimus"** that was rolled out a few months ago in its pursuit of next-gen organizational capabilities. This business transformation program focuses on the company's next wave of profitable growth and is aimed at simplifying and scaling its processes through analytical AI and GenAI, emphasizing automation at the core. It will also enable Birlasoft to industrialize its delivery, become the partner of choice in emerging technologies, enhance employee experience, and build a best-in-class talent pool.

Deal wins for the quarter

- Won a large deal from a large North America-based Energy & Utilities customer consolidating work around its Business Applications.
- Won business in the Data & Analytics service line from two global pharma majors in the Lifesciences vertical.
- Secured a large As-a-Service deal from a North America based enterprise in the Energy & Utilities vertical to Modernize, Secure, and Optimize the customer's network across 200+ sites.
- Awarded a deal from a customer in the medical devices segment under the Lifesciences vertical to setup a BI/Analytics Centre of Excellence.
- Received business from a US-based customer in the LSS segment for a project on eligibility determination, payments authorization and disbursement of benefits.
- Awarded an ERP Application Maintenance & Support Services deal from a global player in the Manufacturing vertical.

Awards & Recognitions...

- Gartner has recognized Birlasoft as a Niche Player in its Magic Quadrant report on Cloud ERP Services for Service-Centric Enterprises
- Birlasoft recognized as a Product Challenger in ISG's Manufacturing Industry Services and Solutions 2023
- Birlasoft recognized by ISG in its Provider Lens Competitive Benchmarking study on Oracle Cloud and Technology Ecosystem in multiple quadrants across US, Europe and Brazil as a Rising Star, Product Challenger and Market Challenger
- Birlasoft recognized as a Disruptor in Avasant RadarView report on Tech-enabled Sustainability Services
- Birlasoft recognized as a Major Contender in Everest's Life Sciences Smart Manufacturing Peak Matrix report 2023
- Birlasoft recognized as a Product Challenger by ISG in its Analytics Services 2023 Provider Lens Study



...Awards & Recognitions (contd. from previous page)

- Birlasoft recognized by ISG as a Product Challenger in its Intelligent Automation 2023 Provider Lens Study
- Birlasoft's VINCI platform received Special Jury Award at the TOPS (Team Oriented Problem Solving) Convention 2023, hosted by the Indian Society for Quality (ISQ)
- Birlasoft On Air bagged Bronze at the DMAAsia Echo Awards 2023 in the Emerging Technologies Category
- Birlasoft awarded Silver in the Sustainability category at iNFHRA 8th Edition Workplace Excellence Conference & Awards 2023-24
- Birlasoft recognized for participation in the CO₂ impact program (October 2022 - September 2023) to fuel Panama's "CO2OL Tropical Mix" reforestation project



About Birlasoft

Bold Agile Ambitious

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. Birlasoft, with its 12,000+ professionals, is committed to driving digital transformation through innovative, cutting-edge technology solutions to build sustainable communities.

For further information, visit www.birlasoft.com.

About The CK Birla Group

The CK Birla Group, with a revenue of USD 2.9 billion, is an Indian multinational conglomerate. With over 35,000 employees, the group operates 49 manufacturing facilities across India and internationally, with a presence in diverse sectors, including technology, automotive, home and building and healthcare.

The companies share a common ambition of serving customers, partners and communities to create long term value through trust-based relationships and philanthropy. The Trusts and Foundations established by the family over the last seven decades actively support social development and healthcare advancements, through the promotion of science, technology, education, art and culture.

The CK Birla Group companies include Birlasoft Limited, GMMCO Limited, HIL Limited, National Engineering Industries Limited (manufacturer of NBC Bearings), Orient Cement Limited, Orient Electric Limited, Orient Paper & Industries Limited, AVTEC Limited, and CK Birla Healthcare Private Limited which operates CK Birla Hospitals and Birla Fertility & IVF Centres.

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Fact Sheet

Q3 FY 2023-24

INR Revenue up 9.9% YoY

EBITDA Margin expands to 16.0%

\$ 218 M TCV Deal wins

Key Financial Metrics

Key Financial Metrics - Q3 FY24				Growth (%)	
				QoQ	YoY
Constant Currency (CC) Revenue growth during Q3 FY24				1.8%	7.9%
Financials \$ M	Q3 FY23	Q2 FY24	Q3 FY24	Growth (%)	
				QoQ	YoY
Revenue \$ M	148.4	158.3	161.3	1.9%	8.7%
EBITDA Margin % (excl. one-time prov.)*	13.4%	15.8%	16.0%		
EBITDA Margin %	0.6%	15.8%	16.0%		
EBIT Margin %	-1.1%	14.2%	14.4%		
Effective Tax Rate %	-139.5%	25.8%	25.2%		
PAT \$ M	-2.0	17.5	19.3		
PAT - Net Profit Margin %	-1.3%	11.1%	12.0%		
EPS - Earnings Per Share (In ₹)					
Basic ₹	-0.59	5.24	5.82		
Diluted ₹	-0.59	5.18	5.73		
Days Sales Outstanding - Billed	55	52	51		

* a one-time provision of \$19 mn was made in Q3 FY23

Key Operating Metrics



Revenue by Geography	Quarter Ended		
	Q3 FY23	Q2 FY24	Q3 FY24
Americas	83.7%	85.8%	85.7%
Rest of the World	16.3%	14.2%	14.3%
Total	100.0%	100.0%	100.0%

Revenue by Industry Verticals	Quarter Ended		
	Q3 FY23	Q2 FY24	Q3 FY24
Manufacturing	40.0%	41.1%	41.1%
BFSI	20.1%	21.1%	20.6%
Energy & Utilities	13.9%	13.7%	14.5%
Lifesciences & Services	26.0%	24.0%	23.9%
Total	100.0%	100.0%	100.0%

Revenue by Service Offerings	Quarter Ended		
	Q3 FY23	Q2 FY24	Q3 FY24
Data & Analytics	28.2%	25.6%	25.4%
Digital & Cloud	30.7%	34.2%	34.2%
ERP	31.8%	32.3%	31.9%
Infrastructure	9.3%	7.9%	8.5%
Total	100.0%	100.0%	100.0%

Key Operating Metrics



Revenue by Contract Type	Quarter Ended		
	Q3 FY23	Q2 FY24	Q3 FY24
Time & Material	39.2%	39.1%	37.3%
Fixed Price, Fixed Monthly	60.8%	60.9%	62.7%
Total	100.0%	100.0%	100.0%

Revenue Mix	Quarter Ended		
	Q3 FY23	Q2 FY24	Q3 FY24
Onsite	48.9%	48.8%	45.8%
Offshore	51.1%	51.2%	54.2%
Total	100.0%	100.0%	100.0%

Deal Wins - New	Q3 FY23	Q2 FY24	Q3 FY24
Total Contract Value (TCV) - in \$ M	102	167	94

Currency Mix of Revenue	Quarter Ended		
	Q3 FY23	Q2 FY24	Q3 FY24
USD	84.9%	87.1%	86.9%
GBP	1.7%	2.4%	2.6%
EUR	5.0%	2.8%	3.1%
Others	8.4%	7.7%	7.5%
Total	100.0%	100.0%	100.0%

Key Operating Metrics



Exchange Rate (₹/US \$)	Quarter Ended		
	Q3 FY23	Q2 FY24	Q3 FY24
Period Average	82.33	82.76	83.24
Period End	82.72	83.04	83.21

Client Data	Quarter Ended		
	Q3 FY23	Q2 FY24	Q3 FY24
No of Active Clients	299	278	272
Clients added - QoQ	(2)	(7)	(6)
No of million \$ clients (LTM)			
US\$ 1mn+ Clients	83	85	83
US\$ 5mn+ Clients	24	27	26
US\$ 10mn+ Clients	13	11	11
Client Contribution to Revenue (LTM)			
Top 5	31.7%	33.6%	34.5%
Top 10	47.9%	51.0%	52.0%
Top 20	64.1%	63.9%	64.7%

Key Operating Metrics



Headcount Metrics	Quarter Ended		
	Q3 FY23	Q2 FY24	Q3 FY24
Total Headcount	12,530	12,322	12,356
Technical	11,386	11,130	11,169
Sales & Support	1,144	1,192	1,187
Women Employees	2,943	2,906	2,892
Attrition* (LTM)	25.5%	15.0%	12.6%
Utilization	84.0%	86.5%	87.1%

* adjusted for < 6 months exits

Hedge Book	Quarter Ended		
	Q3 FY23	Q2 FY24	Q3 FY24
USD Mn	99.3	120.0	111.0
Average rate in ₹	81.5	83.6	83.9
GBP Mn	6.1	4.1	7.5
Average rate in ₹	95.0	103.7	105.1
Euro Mn	6.4	5.3	5.8
Average rate in ₹	85.1	91.2	92.5

Consolidated Income Statement for the quarter ended December 31, 2023



Particulars	In \$ M			QoQ	YoY	
	Quarter ended	31-Dec-22	30-Sep-23			31-Dec-23
		Unaudited	Unaudited			Unaudited
Revenue from operations		148.4	158.3	161.3	1.9%	8.7%
Expenses						
Employee benefits		88.9	89.9	95.3		
Other expenses		39.6	43.3	40.3		
EBITDA (excl. one-time prov.)		19.9	25.0	25.7	2.8%	29.4%
<i>EBITDA Margin %</i>		<i>13.4%</i>	<i>15.8%</i>	<i>16.0%</i>	<i>14 bps</i>	<i>255 bps</i>
One-time provision		19.0	-	-		
EBITDA		0.9	25.0	25.7	2.8%	2780.0%
<i>EBITDA Margin %</i>		<i>0.6%</i>	<i>15.8%</i>	<i>16.0%</i>	<i>14 bps</i>	<i>1535 bps</i>
Depreciation & amortization		2.6	2.6	2.5		
EBIT		(1.7)	22.4	23.2	3.5%	-1501.5%
<i>EBIT Margin %</i>		<i>-1.1%</i>	<i>14.2%</i>	<i>14.4%</i>	<i>22 bps</i>	<i>1550 bps</i>
Other income (net)		1.5	1.9	3.4		
Finance costs		0.7	0.7	0.7		
Profit before tax (PBT)		(0.8)	23.6	25.9	9.5%	-3219.4%
Total tax expense		1.2	6.1	6.5		
Profit for the period (PAT)		(2.0)	17.5	19.3	10.4%	-1073.6%
<i>PAT Margin %</i>		<i>-1.3%</i>	<i>11.1%</i>	<i>12.0%</i>	<i>92 bps</i>	<i>1333 bps</i>

Average \$/₹ rate of ₹82.3 for Q3 FY23, ₹82.8 for Q2 FY24 and ₹83.2 for Q3 FY24

Consolidated Income Statement for the quarter ended December 31, 2023



Particulars	In ₹ M			QoQ	YoY	
	Quarter ended	31-Dec-22	30-Sep-23			31-Dec-23
		Unaudited	Unaudited			Unaudited
Revenue from operations		12,219	13,099	13,430	2.5%	9.9%
Expenses						
Employee benefits		7,320	7,441	7,934		
Other expenses		3,316	3,586	3,352		
EBITDA (excl. one-time prov.)		1,584	2,071	2,143	3.4%	35.3%
<i>EBITDA Margin %</i>		<i>13.0%</i>	<i>15.8%</i>	<i>16.0%</i>	<i>14 bps</i>	<i>299 bps</i>
One-time provision		1,510	-	-		
EBITDA		74	2,071	2,143	3.4%	2811.9%
<i>EBITDA Margin %</i>		<i>0.6%</i>	<i>15.8%</i>	<i>16.0%</i>	<i>14 bps</i>	<i>1535 bps</i>
Depreciation & amortization		210	215	211		
EBIT		(136)	1,856	1,932	4.1%	-1517.1%
<i>EBIT Margin %</i>		<i>-1.1%</i>	<i>14.2%</i>	<i>14.4%</i>	<i>22 bps</i>	<i>1550 bps</i>
Other income (net)		124	156	282		
Finance costs		56	57	60		
Profit before tax (PBT)		(68)	1,955	2,154	10.2%	-3253.9%
Total tax expense		95	504	544		
Profit for the period (PAT)		(164)	1,451	1,611	11.0%	-1084.4%
<i>PAT Margin %</i>		<i>-1.3%</i>	<i>11.1%</i>	<i>12.0%</i>	<i>92 bps</i>	<i>1333 bps</i>

Average \$/₹ rate of ₹82.3 for Q3 FY23, ₹82.8 for Q2 FY24 and ₹83.2 for Q3 FY24

Consolidated Balance Sheet



Particulars as at	\$ M			₹ M		
	31-Dec-22	30-Sep-23	31-Dec-23	31-Dec-22	30-Sep-23	31-Dec-23
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ASSETS						
Non-current assets						
Property, plant and equipment	17.5	14.9	13.7	1,447	1,237	1,144
Right-of-use assets	12.0	9.1	8.9	994	756	744
Capital work-in-progress	0.6	1.2	1.2	49	98	104
Goodwill	59.4	59.2	59.7	4,912	4,916	4,971
Other intangible assets	1.1	1.3	1.2	89	110	97
Intangible assets under development	0.6	-	-	49	-	-
Financial assets						
Investments	7.8	4.6	10.6	641	383	883
Other financial assets	3.4	2.1	2.3	280	176	189
Income tax assets (net)	5.2	5.4	5.1	430	448	423
Deferred tax assets (net)	15.0	14.0	15.1	1,239	1,166	1,255
Other non-current assets	1.0	1.3	1.6	82	108	129
Current assets						
Financial assets						
Investments	40.5	111.5	122.4	3,347	9,261	10,187
Trade receivables						
Billed	99.2	89.2	92.7	8,202	7,408	7,712
Unbilled	17.6	24.4	23.8	1,458	2,027	1,984
Cash and cash equivalents	66.7	49.8	66.0	5,519	4,135	5,495
Other balances with banks & deposits	4.9	7.6	3.9	404	630	320
Other financial assets	0.4	2.3	1.8	31	188	150
Other current assets	29.1	29.6	25.0	2,411	2,454	2,079
TOTAL ASSETS	381.8	427.5	455.1	31,584	35,500	37,867

\$/₹ rate of ₹82.7 for Dec 22, ₹83.0 for Sep 23 and ₹83.2 for Dec 23

Consolidated Balance Sheet



Particulars as at	\$ M			₹ M		
	31-Dec-22	30-Sep-23	31-Dec-23	31-Dec-22	30-Sep-23	31-Dec-23
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
EQUITY AND LIABILITIES						
Equity share capital	6.6	6.6	6.6	547	551	552
Other equity	272.2	321.5	335.9	22,518	26,697	27,951
Liabilities - Non-current						
Financial liabilities						
Lease liabilities	9.1	6.2	5.7	754	511	478
Provisions	7.6	6.8	6.8	629	568	568
Current liabilities						
Financials Liabilities						
Trade payables	26.5	37.2	34.2	2,195	3,091	2,848
Lease liabilities	4.2	4.2	4.0	347	346	330
Other financial liabilities	15.4	20.6	23.3	1,276	1,709	1,941
Other current liabilities	30.6	12.1	22.7	2,535	1,002	1,886
Provisions	6.6	8.1	9.3	546	674	772
Income tax liabilities (net)	2.9	4.2	6.5	237	351	542
TOTAL EQUITY AND LIABILITIES	381.8	427.5	455.1	31,584	35,500	37,867

\$/₹ rate of ₹82.7 for Dec 22, ₹83.0 for Sep 23 and ₹83.2 for Dec 23

Consolidated Cash Flow Statement for Q3 FY24



Particulars	31-Dec-23	
	₹ M	\$ M
Profit before tax	2,154	25.9
Items to reconcile profit before tax to net cash flows		
Add: non cash items		
Depreciation of property, plant and equipment & amortization of intangible assets	211	2.5
Allowance for doubtful debts-trade receivables (net of recoveries)	148	1.8
Share based compensation expenses	168	2.0
Unrealized foreign exchange loss/ (gain)	64	0.8
Interest on lease liabilities	16	0.2
Less: interest & other items		
Interest income	(142)	(1.7)
Others	(104)	(1.3)
Operational cash profit	2,515	30.2
Movements in working capital	936	11.2
Cash generated from operations	3,450	41.4
Income tax (paid) / received	(423)	(5.1)
Net cash flow (used in)/from investing activities	(1,250)	(15.0)
Net cash flow (used in) financing activities	(727)	(8.7)
Balance cash Flow	1,050	12.6
Total increase/(decrease) in cash balance	1,050	12.6
Opening cash balance	4,765	57.3
Total cash balance	5,815	69.9
Cash & cash equivalents	16,887	203.0

Average \$/₹ rate of ₹83.2 for Q3 FY24

Q3FY24 Earnings Conference Call on 24th January 2024 at 5.30 pm IST



Dial in Information

India 17:30 hours IST; Hong Kong / Singapore 20:00 hours; London 12:00 hours; New York 07:00 hours

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	Poland	008001124248
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	South Korea	00180014243444
	Sweden	0080014243444
Thailand	00180014243444	
UK	08081011573	
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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 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.