

Date: 15<sup>th</sup> February, 2023

To,  
The General Manager,  
Department of Corporate Services,  
BSE Limited,  
P.J. Towers, Dalal Street,  
Mumbai 400001

**Company Code: 538891**

**Subject: Investor Presentation.**

Dear Sir/Ma'am,

Please find enclosed a copy of the Investor Presentation.

Kindly take the same on your record.

Thanking you,  
Yours Faithfully,

**For Magellanic Cloud Limited**

Thumma  
Jagan Mohan  
Reddy

Digitally signed by  
Thumma Jagan  
Mohan Reddy  
Date: 2023.02.15  
16:43:05 +05'30'

**Jagan Mohan Reddy Thumma**  
**Managing Director**  
**DIN: 06554945**



CIN: L72100TG1981PLC169991

Dallas Center, 83/ 1, Plot No. A1, 6th Floor, Hyderabad Knowledge City, Rai Durg, Hyderabad Telangana - 500032 Telephone No.:040-43366058

## Q3 & 9M FY23 – Earnings Update

**Revenue** from operations reported at ₹1,327.62 Mn in Q3 FY23 and ₹3,127.76 Mn in 9M FY23.

**EBITDA** stands at ₹344.82 Mn in Q3 FY23 and ₹928.30 Mn in 9M FY23.

**PAT** at ₹173.54 Mn in Q3 FY23 and ₹560.96 Mn in 9M FY23.

Hyderabad, 15<sup>th</sup> February, 2023: Magellanic Cloud Limited (“M CLOUD”), engaged in majorly three business segments i.e., IT solutions & human capital, E- surveillance and drones manufacturing and allied services, had announced that the Company in its board meeting held on 13<sup>th</sup> February, 2023 has inter-alia considered and approved the unaudited Financial Results of the Company for Q3 and 9M ended on 31<sup>st</sup> December, 2022 as one of its agenda.

### Consolidated Financial Statement Highlights for Q3 FY23 v/s Q3 FY22

Particulars (₹ Mn)	Q3 FY23	Q3 FY22	YoY %	Q2 FY23
Revenue from Operations	1,327.62	649.61	104.37%	924.96
Other Income	9.27	12.75		159.97
<b>Total Revenue</b>	<b>1,336.89</b>	<b>662.36</b>	101.84%	<b>1,084.93</b>
Total Expenses excluding depreciation, amortization & finance cost	992.07	607.25		695.57
<b>EBITDA*</b>	<b>344.82</b>	<b>55.11</b>	525.69%	<b>389.36</b>
<b>EBITDA Margin (%)</b>	<b>25.79%</b>	<b>8.32%</b>	1,747 bps	<b>35.89%</b>
Depreciation & amortization	57.56	6.93		36.42
Finance cost	54.49	4.17		20.78
<b>PBT</b>	<b>232.78</b>	<b>44.02</b>	428.80%	<b>332.16</b>
<b>Tax expenses</b>	<b>59.23</b>	<b>4.68</b>		<b>45.55</b>
<b>PAT</b>	<b>173.54</b>	<b>39.34</b>	341.13%	<b>286.62</b>
Profit/ (loss) from discontinued operations (net)		-		
Other Comprehensive Income	77.66	(0.49)		83.36
<b>Net PAT</b>	<b>251.20</b>	<b>38.84</b>		<b>369.97</b>
<b>PAT Margin %</b>	<b>12.98%</b>	<b>5.94%</b>	1,295 bps	<b>26.42%</b>
<b>Diluted EPS (for continuing operations)</b>	<b>6.18</b>	<b>1.56</b>	296.15%	<b>10.20</b>

\*EBITDA includes other income as it mainly comprises of the compensation provided by the US Government up to Q2 FY23 to mitigate the impact of COVID-19. Therefore, EBITDA Margins are elevated for Q2 FY23.

## Consolidated Financial Performance Comparison – Q3 FY23 v/s Q3 FY22

- **Revenue** from operations increased by **104.37%** from **₹649.61 Mn** in **Q3 FY22** to **₹1,327.62 Mn** in **Q3 FY23** mainly due to consolidation of the E-surveillance business acquired through acquisition of E-Surveillance Companies and also due to increase in demand of the IT services offered by M-CLOUD.
- The **EBITDA** increased from **₹55.11 Mn** in **Q3 FY22** to **₹344.82 Mn** in **Q3 FY23** owing to increased revenue share from high margin E-surveillance segment. **EBITDA margins** stood at **25.79%**, showing a **growth of 1,747 bps**, led by the contribution of E-surveillance segment, which has margins of **c.45%**.
- **PAT** stood at **₹173.54 Mn** in **Q3 FY23**, compared to **₹39.34 Mn** in **Q3 FY22** and **PAT margins** stood at **12.98%** in **Q3 FY23** as compared to **5.94%** in **Q3 FY22**.

## Consolidated Financial Statement Highlights for 9M FY23 v/s 9M FY22

Particulars (₹ Mn)	9M FY23	9M FY22	YoY %
Revenue from Operations	3,127.76	1,871.37	67.14%
Other Income	168.18	290.15	
<b>Total Revenue</b>	<b>3,295.95</b>	<b>2,161.52</b>	52.48%
Total Expenses excluding depreciation, amortization & finance cost	2,367.65	1,830.31	
<b>EBITDA*</b>	<b>928.31</b>	<b>331.21</b>	180.28%
<b>EBITDA Margin (%)</b>	<b>28.17%</b>	<b>15.32%</b>	1,285 bps
Depreciation & amortization	144.32	20.14	
Finance cost	89.26	10.87	
<b>PBT</b>	<b>694.73</b>	<b>300.20</b>	131.42%
<b>Tax Expenses</b>	<b>133.77</b>	<b>21.50</b>	
<b>PAT</b>	<b>560.96</b>	<b>278.70</b>	101.27%
Profit/ (loss) from discontinued operations (net)		-	
Other comprehensive income	77.66	(2.78)	
<b>Net PAT</b>	<b>638.61</b>	<b>275.92</b>	
<b>PAT Margin %</b>	<b>17.02%</b>	<b>12.89%</b>	413 bps
<b>Diluted EPS (for continuing operations)</b>	<b>19.97</b>	<b>11.07</b>	80.40%

\*EBITDA includes other income as it mainly comprises of the compensation provided by the US Government to mitigate the impact of COVID-19.

## Consolidated Financial Performance Comparison – 9M FY23 v/s 9M FY22

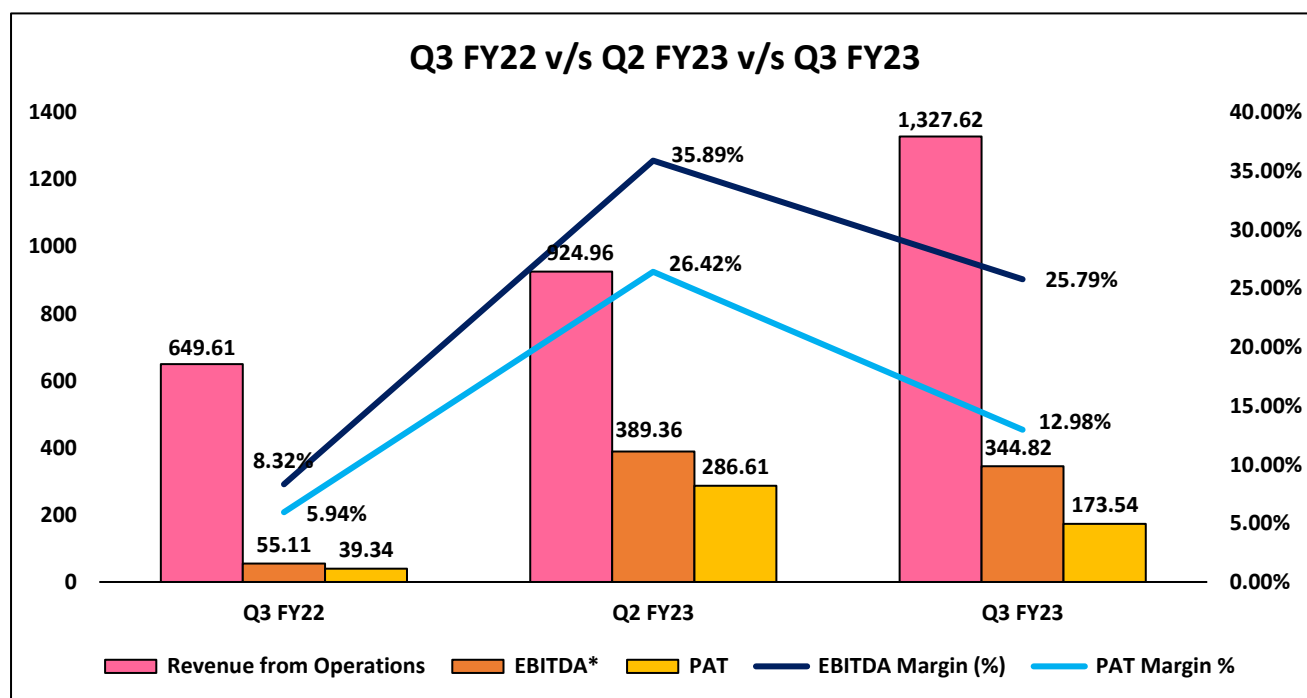
- **Revenue** from operations recorded a **growth of 67.14%** from ₹1,871.37 Mn in 9M FY22 to ₹3,127.76 Mn in 9M FY23 mainly driven by the consolidation of E-surveillance business from May, 2022 and due to the robust demand of M-CLOUD's ITeS.
- **The EBITDA** increased by **180.28%** from ₹331.21 Mn in 9M FY22 to ₹928.31 Mn in 9M FY23 and a gain in the EBITDA margins from **15.32% in 9M FY22 to 28.17% in 9M FY23**.
- **PAT** stood at ₹278.70 Mn in 9M FY22, compared to ₹560.96 Mn in 9M FY23 recorded a growth of **101.27%**.
- The **Employee Benefit Expense** accounted to ₹1,294.06 Mn i.e. 41.37% of the revenue from operations, showing optimum utilization of resources.

### Business Developments:

- M-CLOUD in its' board meeting held on 20<sup>th</sup> December, 2022 has approved change in the registered office of the Company from the State of Maharashtra to the State of Telangana, pursuant to an order passed by Regional Director and after approval of Form INC-28 from Ministry of Corporate Affairs on 19<sup>th</sup> December, 2022.

### Performance Snapshot:

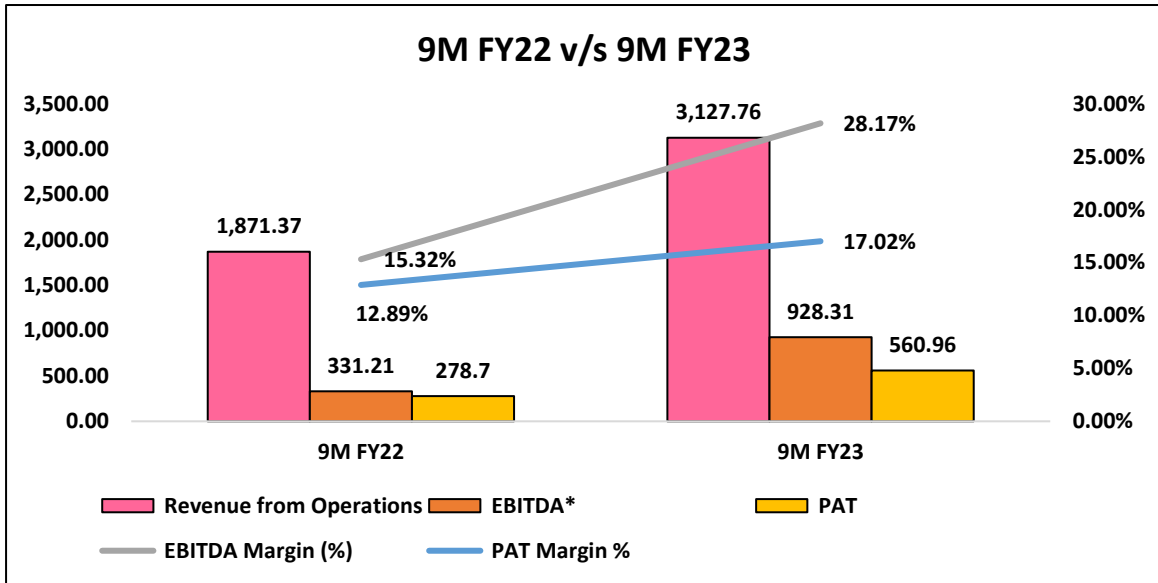
- **Financial Snapshot**
  - **Improving Performance YoY**



*\*EBITDA Includes other Income and EBITDA seems elevated in Q2 FY23 owing to compensation provided by the US Government to mitigate the impact of COVID-19.*

*(All Figures in Rs. Mn)*

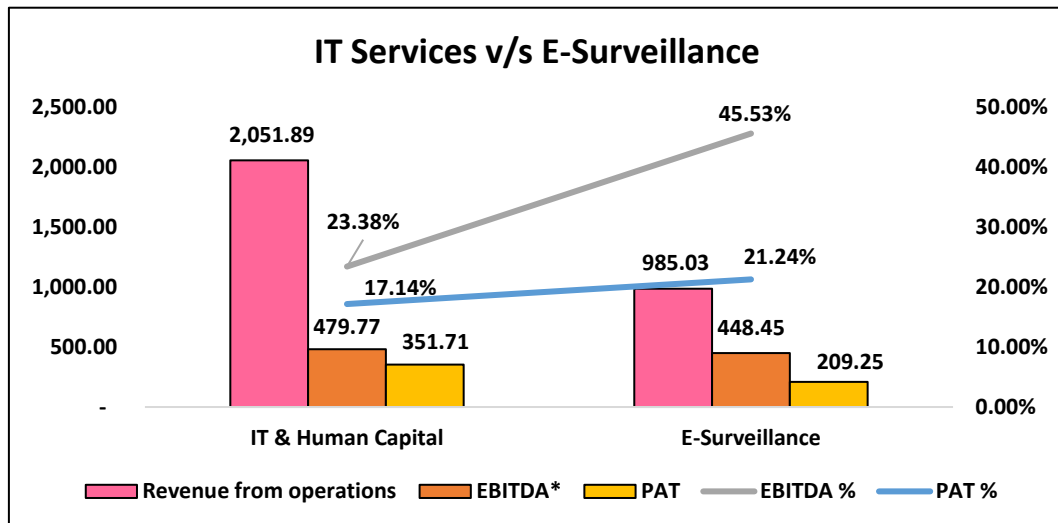
- 9M FY22 v/s 9M FY23



\*EBITDA Includes other Income

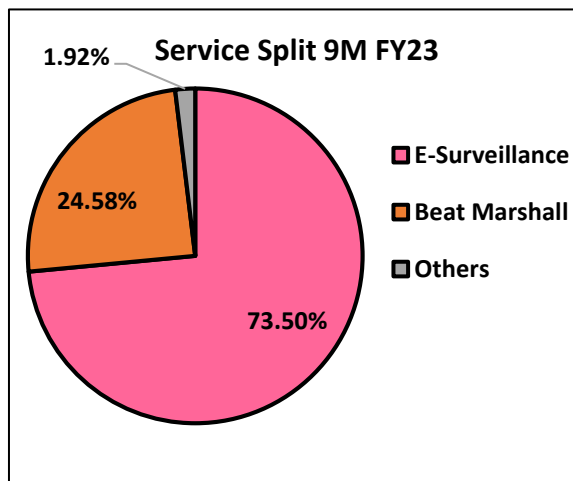
• **Segmental Performance**

- IT & Human Capital v/s E-Surveillance (9M FY23)



(All Figures in Rs. Mn)

• **E-Surveillance Service Split**



## **Management Comments**

**The MCLLOUD's Management made the following comments regarding Q3 and 9M FY23's performance:**

*"We are pleased to announce our Q3 and 9M FY23 results, the revenue from operations stood at ₹1,327.62 Mn & ₹3,127.76 Mn respectively, recording a robust growth of 104.37% over Q3 FY22 and 67.14% over 9M FY23. The EBITDA Margins stood at 25.79% in Q3 FY23 and 28.17% in 9M FY23, mainly driven due to inclusion of E-surveillance segment through the acquisition of E-Surveillance Companies and robust increase in the demand of our ITES. The E-surveillance segment is performing as per our expectations and we have seen a significant improvement in our IT and human capital solutions business segment. We reported a PAT of ₹173.54 Mn & ₹560.96 Mn for Q3 FY23 and 9M FY23 respectively.*

*We would like to highlight notable developments and key performance highlights for each of our three segments:*

### **IT & human capital solutions:**

*JNIT Technologies INC. & Motivity labs INC have been successfully providing solutions across continents. Our IT and human capital solutions contributed to c.65% of our Revenue in 9M FY23 and has an EBITDA margins of c.23.38%. We witnessed a robust growth in the EBITDA margins of this segment due to improved efficiency of operations i.e. higher chargeability of manpower. We plan to grow by c.20% by FY25 and we also aim to increase our employees' strength by 3x till FY25. In the near term, we are seeing a slightly cautious approach from the clients before committing to a fixed capital expenditure due to the external factors creating economical and geo-political instability. However, we believe that we are firmly placed and moving in right direction to achieve our growth plans, owing to provision of services which are highly client centric. To enhance our capabilities and diversify our service offerings, we are continuously evaluating inorganic growth opportunities.*

### **E-surveillance:**

*In May, 2022 we acquired two companies i.e. iVIS International Private Limited and Provigil Surveillance Limited to enter in the E-surveillance segment for c.Rs. 3,300 Mn and the consideration is to be discharged in the form of cash. We are pleased to inform you that we have already paid c.Rs.243 crores and the balance c.Rs.87 crores are payable according to various tranches spread over Q4 FY23 and FY24. The acquisition of iVIS and Provigil has been fruitful and the consolidation of iVIS is reflected in our numbers of 9M FY23 and Provigil has been included in the financials from Q3 FY23. Our top 5 clients in this segment contributes to c.90% of the revenue, showing the trust they have placed in us. Our current monthly order book in this segment stands at c.₹100 Mn showing robust demand of our services in this segment. Further, this Quarter was marked by significant client & location wins. To depict, we on-boarded two reputed banks for a total of 2,000+ ATMs and Branches. Further, we are pleased to share that we are awarded with a massive order-win in February 2023, with a prestigious PSU Bank for c.1,818 locations, which will help us grow our Revenue by c.₹450 Mn in the next three years. This strengthens our existing presence over 20,000+ locations, taking our total catered locations to c. 28,000+ locations. Further, we are in talks to add over 7,000 locations for various services under our umbrella. Further, we are expanding our footprints in servicing bank branches along with ATMs, which would give us higher revenue realization and better EBITDA margins. Our current revenue/ site per month is c.₹5870. The revenue contribution of this segment is c.35%, with the EBITDA margins of c.45%. In order to increase our market share and be one of the dominant players in E-surveillance space, we are continually evaluating inorganic growth opportunities.*

### **Drones manufacturing & allied services:**

*The drone segment is backed by industry experts and we plan to commence the operations in this segment in the upcoming quarters. We expect this segment to grow exponentially in the coming years due to its' wide-spread applications. At the moment, we are focused on delivery and surveillance drones*

where we will be able to leverage our expertise in cutting edge surveillance system. MCLoud plans to acquire a Company in the Drones Space to provide various Drone Solutions.

We have successfully passed the board resolution to divest our FMCG segment as a way of slump sale, thereby making it our wholly owned subsidiary.

I'd like to reassure that we remain aligned with our growth strategy and thank all the stakeholders for their continuous support and encouragement”

### **Management guidance**

- The management expects the **revenue to grow in the corridor of c.55% to c.60%** for FY23, owing to venturing into advanced technological spaces, inclusion of the E-surveillance segment and the robust demand of the ITeS.
- **EBITDA margins** are expected to improve to **c.30% to c.32%** due to improved efficiencies and increase in share of E-surveillance and Drones manufacturing segment in the total revenue.

### **About Magellanic Cloud Limited**

Magellanic Cloud Limited (“Mcloud”) engages in software development, digital transformation, DevOps space, and human capital businesses. The company also provides AI/ML driven IT consulting services. Mcloud offers world class digital transformation solutions to global businesses. It has invested in leading companies operating in IT services, E-surveillance and drones to have a competitive edge at scale. The company boasts of manpower strength of 1,200+ and has serviced over 50 companies including companies in fortune 1,000 league. The key area of Mcloud’s service offerings include:

**IT Solutions** – End to end IT solutions from development, quality assurance, implementation, consulting, DevOps, IoT and others.

**Human Capital** – The Company mainly deals in staffing solutions. The Company’s resource works on short and long-term projects for the client.

**E-Surveillance** – The Company has entered this segment via acquisition. The Company will continue to build, deliver, install, monitor and maintain surveillance systems using its’ proprietary AI/ ML and IoT based solutions. The acquisition comes with 100+ clients and 20,000+ location.

**Drone Solutions** – This is a relatively new business area for the Company. The Company plans to assist its client in inspection through drones in industries like shipping, civil, agriculture, industrial and infrastructure projects and oil and gas services.

For further information on the Company, please visit [www.magellanic-cloud.com](http://www.magellanic-cloud.com)

Sanjay Chauhan (CFO)

**Magellanic Cloud Limited**

[sanjay.chauhan@magellanic-cloud.com](mailto:sanjay.chauhan@magellanic-cloud.com)

Contact: +91 8652883310

Krunal Shah/ Naman Maheshwari

**Captive IR Strategic Advisors Pvt. Ltd.**

[krunal@cap-ir.com](mailto:krunal@cap-ir.com) / [naman@cap-ir.com](mailto:naman@cap-ir.com)

Contact: +91 93724 67194

#### **Disclaimer:**

CERTAIN STATEMENTS IN THIS DOCUMENT MAY BE FORWARD LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES LIKE GOVERNMENT ACTIONS, LOCAL POLITICAL OR ECONOMIC DEVELOPMENTS, TECHNOLOGICAL RISKS, AND MANY OTHER FACTORS THAT COULD CAUSE OUR ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY THE RELEVANT FORWARD-LOOKING STATEMENTS. MAGELLANIC CLOUD LIMITED WILL NOT BE IN ANY WAY RESPONSIBLE FOR ANY ACTION TAKEN BASED ON SUCH STATEMENTS AND UNDERTAKES NO OBLIGATION TO PUBLICLY UPDATE THESE FORWARD-LOOKING STATEMENTS TO REFLECT SUBSEQUENT EVENTS OR CIRCUMSTANCES.