



CIN: L72100MH1981PLC339095

Reg Office: Office no. 101, Veena Royal, Shankar Lane, Borivali (W) Mumbai-400067. T: 040-40916571

Date: August 9, 2022

To,
The General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai 400001
Company Code: 538891

Subject: Earnings Presentation & Quarterly Updates for Q1 FY23 ended 30th June, 2022.

Dear Sir/Ma'am,

Pursuant to regulation 30 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, we enclose herewith the Earnings Presentation & Quarterly Updates for Q1 FY23 ended 30th June, 2022.

Kindly take the same on your record.

Thanking you,
Yours Faithfully,

For Magellanic Cloud Limited

A handwritten signature in blue ink, appearing to read "Sameer Lalwani".



Sameer Lalwani
**Company Secretary &
Chief Compliance Officer**

Encl: As Above



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Q1 FY23 – Earnings Update

Revenue from Operations reported at ₹875.19 Mn in Q1 FY23.

EBITDA stands at ₹191.32 Mn in Q1 FY23.

PAT at ₹100.79 Mn in Q1 FY23.

Mumbai, 08th Aug 2022: Magellanic Cloud Limited (“Mcloud”) had announced that the Company in its board meeting held on 08th Aug 2022 has inter-alia considered and approved the unaudited Financial Results of the Company for the First Quarter Ended on 30th June, 2022 as one of its agenda.

Consolidated Financial Statement Highlights for Q1 FY23 v/s Q1 FY22:

Particulars (₹ Mn)	Q1 FY23	Q1 FY22	Y-o-Y %	Q4 FY22
Revenue from Operations	875.19	613.40	42.68%	655.41
Other Income	4.07	6.56		10.82
Total Revenue	879.26	619.96	41.83%	666.23
Total Expenses excluding Depreciation, Amortization & Finance Cost	683.87	596.49		625.39
EBITDA	191.32	26.34	626.35%	30.02
EBITDA Margin (%)	21.86%	4.29%		4.58%
Depreciation & Amortization	50.35	6.42		6.97
Finance Cost	15.26	3.00		6.02
PBT before Exceptional Item	129.78	14.05		27.85
Exceptional Items	0	0		0
PBT	129.78	14.05	823.70%	27.85
Income Tax	29.36	2.33		5.01
Tax of Earlier Years	0	13.45		9.98
Deferred Tax	-0.37	-2.53		-3.03
Tax Expenses	28.99	13.25		11.96
PAT	100.79	0.80	12,498.75%	15.89
Other Comprehensive Income	27.72	0.60		-17.65
Net PAT	128.51	1.40		-1.76
PAT Margin %	11.52%	0.13%		2.42%
Diluted EPS	3.70	0.03		0.63

Financial Performance Comparison – Q1 FY23 v/s Q1 FY22

- Revenue from operations increased by 42.68% from ₹613.40 Mn in Q1 FY22 to ₹875.19 Mn in Q1 FY23 mainly due to revenue from the E-Security/Surveillance segment post acquisition of iVIS International Pvt. Ltd. and due to healthy demand for IT & ITES services across industries on back of cloud adoption and digitalization.

- The EBITDA increased from ₹26.34 Mn in Q1 FY22 to ₹191.32 Mn in Q1 FY23 owing to high margins of E-surveillance/security segment (approx. 50%) and economies of scale in the IT & ITES services.
- PAT increased by 12,498.75% from ₹1.40 Mn in Q1 FY22 to ₹100.79 Mn in Q1 FY23 owing to improved overall financial performance.
- PAT margins increased to 11.52% in Q1 FY23 from 0.23% in Q1 FY22.

Recent notable Developments

- **Company has acquired 100% shares** in iVIS International Private Limited & Provigil Surveillance Limited by entering into an **all-cash transaction** worth c.₹3,300 Mn. With this acquisition, the Company has entered into a high growth and high margin E-security/Surveillance business with **dominant presence, reach and customer patronage**. iVIS and Provigil provides these monitoring and surveillance services by installing cameras & other appropriate equipment and other allied services with the use of **advanced technologies**.
- On 14th July 2022, the Board has approved a **final dividend of 5%** i.e., ₹0.50 per equity share, having a face value of Rs.10/share, for the financial year ended 31st March 2022.

Management Comments

Commenting on the performance of Q1 FY23, the Management said:

*“We have reported an exceptional performance in the first quarter of FY23. Our revenue from operations stood at ₹875.19 Mn for the first quarter, mainly driven by addition of revenue from the newly added **E-security/Surveillance segment** (revenue recorded since 5th May, 2022 onwards) which contributes **c.25% of the Revenue from Operations**. Growth in revenue was also supported by increased demand for digitalization and extensive requirements of IT & ITES services. Our EBITDA margins expanded by **1,757 bps** year on year owing to the healthy margins of **E-security/Surveillance segment**, increase in efficiencies and reduction in employee benefit expenses.*

*We are happy to inform that our business has continually evolved and generated substantial cash over the years. These healthy cashflows are invested appropriately to yield better returns on capital employed. One such instance is reflected in our recent foray into providing E-Security/Surveillance services via acquisition of iVIS International Private Limited and Provigil Surveillance Limited. The E-surveillance and E-security services include providing a wide range of services, **backed by extensively developed AI/ML models**, such as AI based marketing, Video Monitoring & E-surveillance, Beat Marshals, QRT services, etc. This acquisition will help us in diversifying into a new & high-growth segment, **significantly improving our margins and revenue in the forthcoming years**.*

*iVIS and Provigil enjoys **heightened customer patronage as reflected by the 100+ clients served by their team of 500+ employees** in various sectors such as Banking, Oil & Gas, Manufacturing, Real Estate, Agrochemicals, Mass Media, etc. at **more than 20,000 locations spread across 25 states**. Further, the Company is in discussion with a reputed e-surveillance player to add another **5,000-7,000 locations**.*

*The existing business of **IT Solutions and Staffing services** is offered through two of our subsidiaries namely JNIT Technologies INC. & Motivity Labs INC. The IT solutions and staffing business provides support to clients in terms of end-to-end DevOps, AI & ML solutions, cloud transformation, AWS*

amongst others. The Company's major strengths are **analysing the technology trend change and developing talent pool with cutting edge technologies** so that they can be deployed with maximum ease in minimum time as per client's requirement. With our constant endeavour of expanding the scale of business and retaining top notch talent we have invested heavily in the Opex over the past year which has started yielding results and will help us in achieving revenue growth by 20-25% over the coming quarters.

The staffing business is majorly **onshore and team** comprises of over **200-250+ people**. Going forward, the Company expects to add **c.50 billable employees in FY23**. The **offshore team**, spearheaded by Motivity Labs Inc. has a team of **300-315+ people**, of which majority work on billable engagements based in India.

Drone solutions is another relatively new area of business for our Company. The Company plans to assist its client in inspection through drones in industries like oil and gas services shipping, civil construction, agriculture, industrial and infrastructure projects.

In view of growing the Company and maintaining laser sharp focus on IT and Technology related businesses the board has already considered sale of two food business divisions of the Company by way of Slump Sale and getting listed on the National Stock Exchange of India (NSE).

As we move forward in seizing the growth opportunities that lie ahead of us, we would like to thank our employees for their continuous efforts and our investors / stakeholders for their continued support and encouragement."

Management Guidance for FY23

- The management expects the revenue to **grow by c.35-40%** for FY23, mainly due to high growth opportunities available in E-surveillance/security services space, increased demand for digitalization by our existing clients and obtaining a significant IT service order from a large global retailer.
- EBITDA margin will improve to **c.25%** owing to high margin potential of E-Surveillance segment and growing contribution to revenue from the said segment. Further, margins shall improve in IT Solutions and Staffing services due to scale of operations and consequent economies of scale.

About Magellanic Cloud Limited

Magellanic Cloud Limited ("Mcloud") engages in software development, digital transformation, DevOps space, and human capital businesses. The company also provides IT consulting services. Mcloud offers world class digital transformation solutions to global businesses. It has invested in leading companies operating in IT services, security, and drones to have a competitive edge at scale. The company boasts of manpower strength of 1200+ 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-Security/Surveillance – The Company has entered this segment via acquisition. The Company will continue to build, deliver, install, monitor and maintain surveillance systems. 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

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