

Date: 21ST November, 2022

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



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



Encl: As Above



CIN: L72100MH1981PLC339095

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

Q2 & H1 FY23 – Earnings update

Revenue from operations reported at ₹905.39 Mn in Q2 FY23 and ₹1,729.33 Mn in H1 FY23.

EBITDA stands at ₹389.12 Mn in Q2 FY23 and ₹582.60 Mn in H1 FY23.

PAT at ₹286.79 Mn in Q2 FY23 and ₹386.52 Mn in H1 FY23.

Hyderabad, 16th November, 2022: 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 11th November, 2022 has inter-alia considered and approved the unaudited Financial Results of the Company for Q2 and half year ended on 30th September, 2022 as one of its agenda.

Consolidated financial statement highlights for Q2 FY23 v/s Q2 FY22

Particulars (₹ Mn)	Q2 FY23	Q2 FY22	YoY %	Q1 FY23
Revenue from Operations	905.39	543.51	66.58%	823.94
Other Income	155.23	269.62		3.69
Total Revenue	1,060.62	813.13	30.44%	827.63
Total Expenses excluding depreciation, amortization & finance cost	671.50	561.68		634.14
EBITDA*	389.12	251.45	54.75%	193.49
EBITDA Margin (%)	36.69%	30.92%	577 bps	23.38%
Depreciation & amortization	36.42	6.79		50.35
Finance cost	20.36	3.70		14.41
PBT	332.34	240.96	37.92%	128.72
Tax expenses	45.55	3.57		28.99
PAT	286.79	237.39	20.81%	99.73
Profit/ (loss) from discontinued operations (net)	(0.18)	0.52		1.05
Other Comprehensive Income	83.36	-		27.72
Net PAT	369.97	237.91		128.50
PAT Margin %	27.04%	29.19%	-215 bps	12.05%
Diluted EPS (for continuing operations)	10.21	9.43	8.27%	3.55

*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 – Q2 FY23 v/s Q2 FY22

- Revenue from operations **increased by 66.58% from ₹543.51 Mn in Q2 FY22 to ₹905.39 Mn in Q2 FY23** mainly due to consolidation of the E-surveillance business acquired through acquisition of iVIS and also due to increase in demand of the IT services offered by M-CLOUD.
- The EBITDA **increased from ₹251.45 Mn in Q2 FY22 to ₹389.12 Mn in Q2 FY23** owing to increased revenue share from high margin E-surveillance segment. **EBITDA margins** stood at **36.69%**, showing a **growth of 577 bps**, led by the contribution of E-surveillance segment, which has margins of **c.45%**.
- Finance cost **increased by 4.5x from ₹3.70 Mn in Q2 FY22 to ₹20.36 Mn in Q2 FY23**.
- **PAT** stood at **₹286.79 Mn in Q2 FY23**, compared to **₹237.39 Mn in Q2 FY22** and **PAT margins** stood at **27.04% in Q2 FY23** as compared to **29.19% in Q2 FY22**.

Consolidated financial statement highlights for H1 FY23 v/s H1 FY22

Particulars (₹ Mn)	H1 FY23	H1 FY22	YoY %
Revenue from Operations	1,729.33	1,094.57	57.99%
Other Income	158.91	276.14	
Total Revenue	1,888.24	1,370.71	37.76%
Total Expenses excluding depreciation, amortization & finance cost	1,305.64	1,095.87	
EBITDA*	582.60	274.84	111.98%
EBITDA Margin (%)	30.85%	20.05%	1,080 bps
Depreciation & amortization	86.77	13.21	
Finance cost	34.77	6.56	
PBT	461.06	255.07	80.76%
Tax Expenses	74.54	16.82	
PAT	386.52	238.25	62.23%
Profit/ (loss) from discontinued operations (net)	0.87	1.11	
Other comprehensive income	83.36	(2.28)	
Net PAT	470.75	237.08	
PAT Margin %	20.47%	17.38%	309 bps
Diluted EPS (for continuing operations)	13.76	9.47	45.30%

*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 – H1 FY23 v/s H1 FY22

- Revenue from operations recorded a **growth of 57.99%** from **₹1,094.57 Mn in H1 FY22** to **₹1,729.33 Mn in H1 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 **111.98%** from **₹274.84 Mn in H1 FY22** to **₹582.60 in H1 FY23** and a gain in the EBITDA margins from **20.05% in H1 FY22** to **30.85% in H1 FY23**.
- PAT stood at **₹238.25 Mn in H1 FY22**, compared to **₹386.52 Mn in H1 FY23** recorded a growth of **62.23%**.
- The Employee benefit expense accounted to ₹829.86 Mn i.e. 47.99% of the revenue from operations, showing optimum utilization of resources.

Consolidated cash flow & balance sheet analysis

Particulars (₹ Mn)	H1 FY23	H1 FY22
Net Cash Generation from operation	1,392.76	363.12
Net Cash Generated/ (Used in) investing activity	(3,099.73)	(107.67)
Net Cash Generated/ (Used) from Financing activity	1,270.23	(229.43)
Net Increase in Cash and Cash Equivalents	(436.74)	26.03

Particulars (₹ Mn)	As on 30.09.2022	As on 30.09.2021	Particulars (₹ Mn)	As on 30.09.2022	As on 30.09.2021
Assets			Liabilities		
Non-current assets			Equity		
Fixed assets & others	817.15	179.21	Equity share capital	280.86	251.66
Intangible assets	1,962.65	-	Other equity	1,789.83	495.89
Goodwill on consolidation	964.27	545.83	Total equity	2,070.69	747.55
Deferred tax assets	31.92	24.21	Non-current liabilities		
Other Non-Current Assets	60.36	34.62	Borrowings	1,257.22	368.61
Total non-current assets	3,836.35	783.87	Lease liabilities	104.68	53.18
Current assets			Long term provisions	9.20	9.34
Inventories	63.38	11.66	Deferred tax liabilities	84.57	-
Trade Receivables	725.45	421.83	Total non-current liabilities	1,455.66	431.13
Cash, Bank and Cash Equivalents	151.14	85.60	Current liabilities		
Other Current Assets	478.23	66.40	Borrowings	27.20	65.10
Current Tax Asset	4.00	14.86	Trade payables	152.50	126.07
Short Term Loans and Advances	98.58	140.03	Other current liabilities	1,533.49	132.94
Total current assets	1,520.78	740.38	Short-term provisions	107.52	0.29
			Current tax liabilities	10.05	21.17
			Total current liabilities	1,830.76	345.57
TOTAL ASSETS	5,357.12	1,524.25	TOTAL LIABILITIES	5,357.12	1,524.25

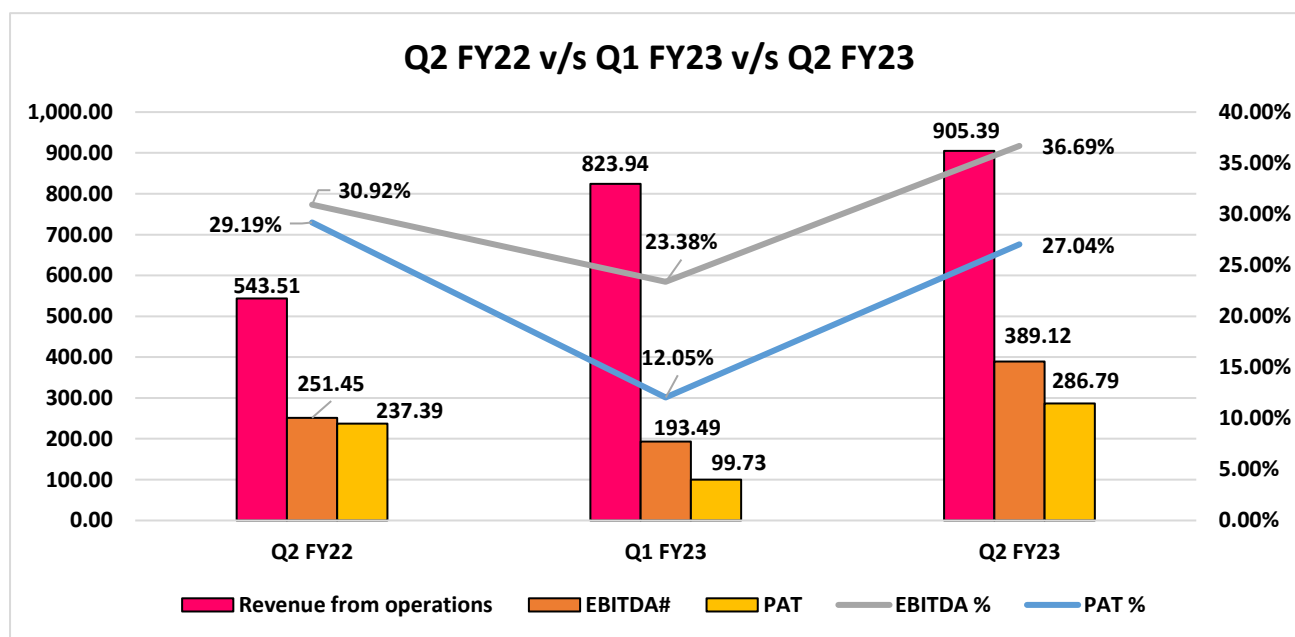
- Net current asset stood at **(₹309.98) Mn in H1 FY23**, compared to **₹394.81 Mn in H1 FY22**.
- Long term borrowings stood at **₹1,257.22 Mn in H1 FY23**, compared to **₹368.61 Mn in H1 FY22** and Short-term borrowings at **₹27.20 Mn in H1 FY23**, compared to **₹ 65.10 Mn in H1 FY22**.
- Debt equity ratio stood at **0.62 in H1 FY23** compared to **0.58x in H1 FY22** due to increase in long-term borrowings.
- Cash flow from operations stands at **₹1,392.76 Mn for H1 FY23** and **₹363.11 Mn for H1 FY22** showing the consistent growth in CFOs **due to improved efficiencies in operations**.
- The total number of **employees** stood at **c.1,000 in H1 FY23** while the **attrition rate stood at c.20%**.

Notable developments:

- In the board meeting held on 14th July, 2022, the BOD approved the listing of securities MCLCLOUD on the main board of NSE.
- In the board meeting held on 14th July, 2022, the BOD approved the sale of the two food divisions of the Company by the way of slump sale, thereby making it wholly owned subsidiary.
- MCLCLOUD in its' AGM held on 10th Aug, 2022, has applied for the change in registered office from Maharashtra to Telangana.

Performance snapshot:

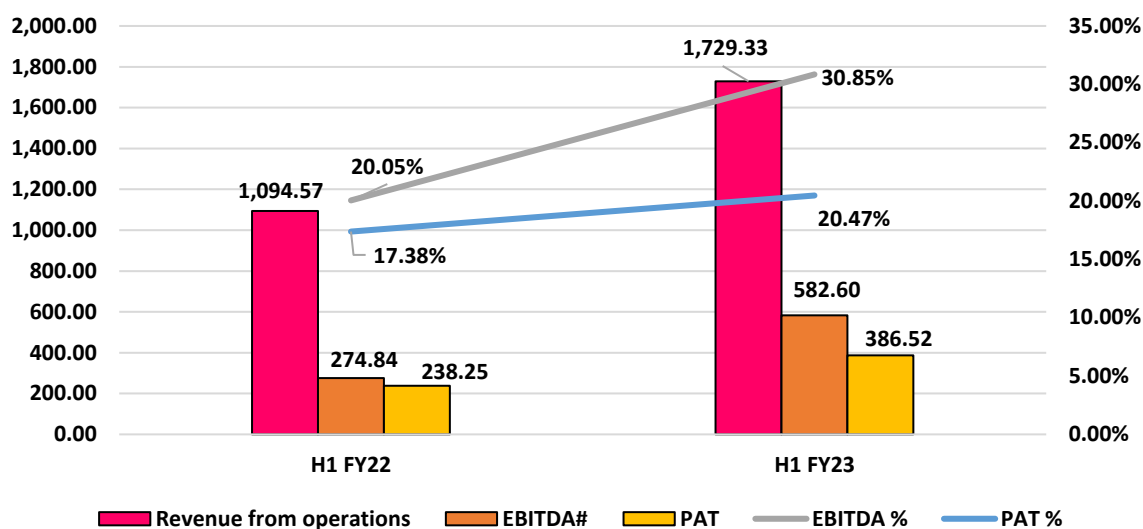
- Financial snapshot



*Figures in ₹ Mn

#EBITDA includes other income

H1 FY22 v/s H1 FY23

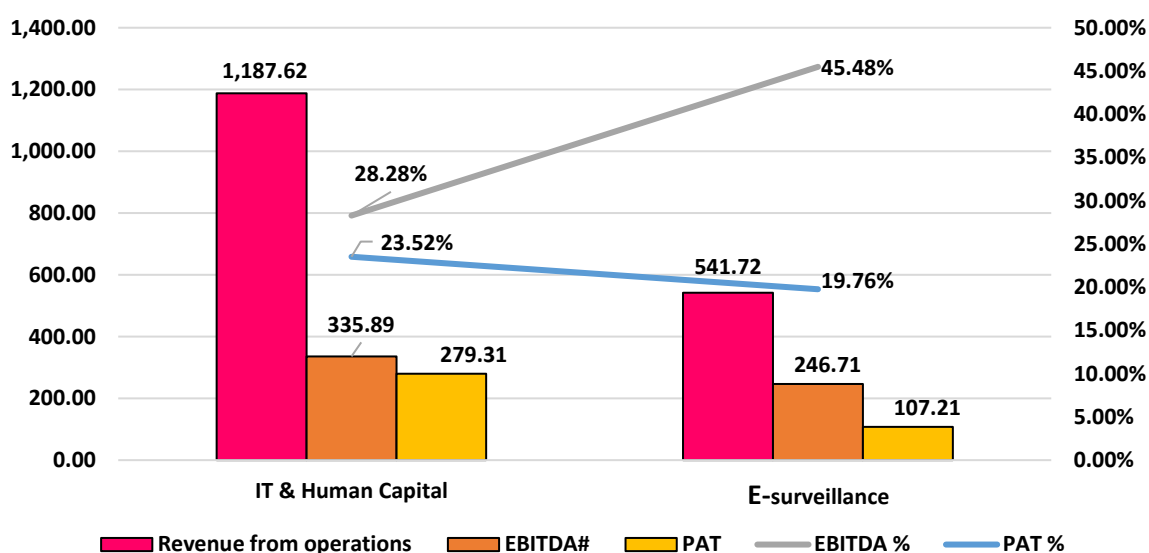


*Figures in ₹ Mn

#EBITDA includes other income

• Segmental performance

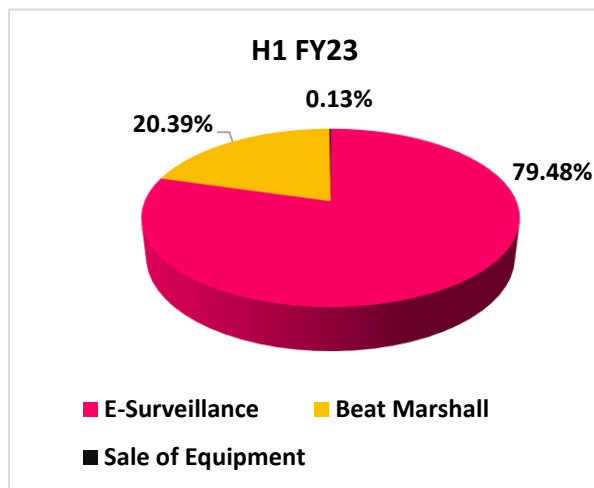
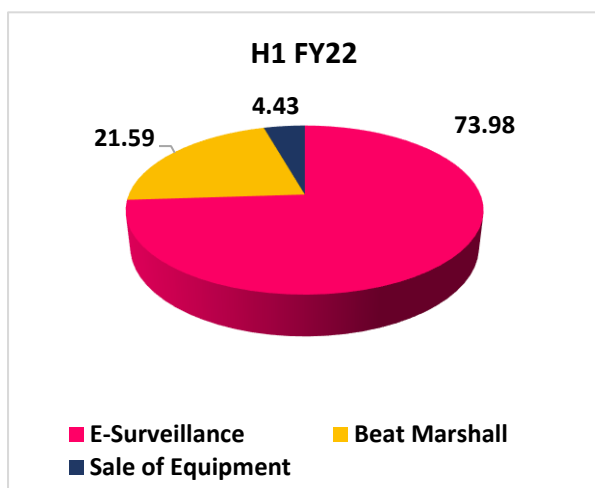
H1 FY23- Segmental revenue



*Figures in ₹ Mn

#EBITDA includes other income

• E-surveillance service split



Management Comments

The MCLLOUD's management made the following comments regarding Q2 FY23 and H1 FY23's performance:

"We are pleased to announce our Q2 and H1 FY23 results, the revenue from operations stood at ₹905.39 Mn & ₹1,729.33 Mn respectively, recording a robust growth of 66.58% for Q2 FY23 and 57.99% for H1 FY23. The EBITDA Margins stood at 36.69% in Q2 FY23 and 30.85% in H1 FY23, mainly driven due to inclusion of E-surveillance segment through the acquisition of iVIS 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 ₹286.79 Mn & ₹386.52 Mn for Q2 FY23 and H1 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.69% of our total revenue and has an EBITDA margins of c.28%. 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 customers 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 H1 FY23 and Provigil will be included in the financials from H2 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 order book in this segment stands at c.₹6,982 Mn showing robust demand of our services in this segment. We already cater to c.20,000+ locations through these acquisitions and are further in talks to add c.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 is c.₹3,553. The revenue contribution of this segment is c.31%, 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.

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.35% to c.40%** 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.35% - c.40% 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 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. 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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