

Birlasoft Limited – Q4FY19 Result Highlights

Consolidated revenue for the quarter grew 10.5% YoY to Rs 8319 mn while EBITDA for Q4FY19 came at Rs 1266 mn, a growth of 14% YoY. EBITDA margin expanded 46bps YoY to 15.2% for the quarter against 14.8% in corresponding quarter last year. Consolidated PAT for the quarter grew 14.6% YoY to Rs 845 mn.

Rs Mn (consolidated)	Q4FY19	Q3FY19	Q4FY18	Q-o-Q	Y-o-Y	FY19	FY18	Y-o-Y
Net Revenue	8,319	8,642	7,525	-3.7%	10.5%	33,660	30,337	11.0%
Employee cost	4,997	5,075	4,655	-1.5%	7.4%	19,874	18,748	6.0%
Other Expenses	2,056	1,864	1,760	10.3%	16.8%	7,980	6,901	15.6%
EBITDA	1,266	1,703	1,111	-25.7%	14.0%	5,806	4,687	23.9%
EBITDA margin %	15.2%	19.7%	14.8%	-449bps	46bps	17.2%	15.5%	180bps
Depreciation	377	396	421	-4.9%	-10.5%	1,573	1,585	-0.8%
EBIT	889	1,307	690	-32.0%	28.9%	4,234	3,102	36.5%
Other Income	225	-12	294	NA	-23.2%	630	1,190	-47.1%
Finance cost	1	-	-	NA	NA	-	-	NA
Exceptional Item	-	-	-	-	-	-	-	-
PBT	1,113	1,295	984	-14.0%	13.2%	4,863	4,293	13.3%
Tax Expense	268	378	246	-29.0%	8.9%	1,347	1,062	26.8%
Effective tax rate %	24.1%	29.2%	25.1%	-508bps	-95bps	27.7%	24.7%	296bps
PAT	845	917	737	-7.9%	14.6%	3,517	3,231	8.8%
MI & Associates	-	-	-	-	-	-	-	-
Consolidated PAT	845	917	737	-7.9%	14.6%	3,517	3,231	8.8%
PAT margin %	10.2%	10.6%	9.8%	-45bps	36bps	10.4%	10.6%	-20bps
EPS (Rs)	10.7	11.6	9.3	-7.9%	14.6%	44.5	40.8	8.8%

Source: Company, Arihant Research

Suspension of Coverage

As we know, effective from January 15, 2019 Birlasoft (India) Ltd and KPIT's IT Services business, merged to form a listed Digital & IT Services company named 'Birlasoft Ltd'. This quarter being the first quarter for Birlasoft to declare its results after the merger with KPIT's IT division. As can be seen from above, the results were not very encouraging. Also it will take time for the company to benefit from the synergies and till that time integration issues will keep the performance muted.

Hence, we have taken a stance to discontinue our coverage on the company from now on. This note should be taken as an intimation for suspension of our coverage on erstwhile KPIT Technologies (was under our active coverage before demerger) as well as the demerged new IT company Birlasoft Ltd.