



# H1 FY23 Shareholders' Letter and Results



Automation



Problem Solving



Technologies



Internet of Things



Security



Machine Learning



AI



Business Intelligence

## OUR CAPABILITIES STATEMENT

- To leverage over 15+ years of industry experience and digitally transform an enterprise to create a better customer experience with the latest tools and technologies.
- To empower businesses to accelerate their growth with our customized, innovative and results-driven digital solutions.

## GOAL

- To relentlessly deliver creative, agile, cost-effective business solutions powered through our IT service.



## SIGMA SOLVE LIMITED

**Registered Office:** 305-308, 3rd floor, Alpha Megacone House, Opp. Armieda, Sindhu Bhavan Road, S G Highway, AHMEDABAD - 380054

### H1 FY23 Earnings update

Revenue from operations reported at **₹276.87 Mn** in **H1 FY23**

EBITDA stands at **₹100.28 Mn** in **H1 FY23**

PAT at **₹80.06 Mn** in **H1 FY23**

**Mumbai, 15<sup>th</sup> November 2022:** Sigma Solve Limited (SSL) is a technology consulting & software development company that helps and guides clients' vision for digitization, sales growth, system integration & business process automation through its cutting edge services. SSL in its board meeting held on 14<sup>th</sup> November 2022 that the Company has inter-alia considered and approved the unaudited financial results of the Company for the first Half Yearly Results ended on 30<sup>th</sup> September 2022.

### Consolidated Financial Statement Highlights for H1 FY23 v/s H1 FY22

| Particulars (₹ Mn)                                                 | H1 FY23       | H1 FY22       | YoY%           | H2 FY22       |
|--------------------------------------------------------------------|---------------|---------------|----------------|---------------|
| Revenue from Operations                                            | 276.87        | 194.38        | 42.44%         | 216.55        |
| Other Income                                                       | 4.63          | 13.67         |                | (0.10)        |
| <b>Total Revenue</b>                                               | <b>281.50</b> | <b>208.05</b> | <b>35.30%</b>  | <b>216.45</b> |
| Total Expenses excluding Depreciation, Amortization & Finance Cost | 176.59        | 96.17         |                | 164.63        |
| <b>EBITDA</b>                                                      | <b>100.28</b> | <b>98.21</b>  | <b>2.11%</b>   | <b>51.92</b>  |
| <b>EBITDA Margin (%)</b>                                           | <b>36.22%</b> | <b>50.52%</b> |                | <b>23.98%</b> |
| Depreciation & Amortization                                        | 1.72          | 0.29          |                | 2.03          |
| Finance Cost                                                       | 0.04          | 0.02          |                | 0.01          |
| <b>PBT before Exceptional Item</b>                                 | <b>103.14</b> | <b>111.57</b> |                | <b>49.77</b>  |
| Exceptional Items                                                  | -             | -             |                | -             |
| <b>PBT</b>                                                         | <b>103.14</b> | <b>111.57</b> | <b>-7.56%</b>  | <b>49.77</b>  |
| Tax                                                                | 23.09         | 6.8           |                | 12.95         |
| <b>PAT</b>                                                         | <b>80.06</b>  | <b>104.78</b> | <b>-23.59%</b> | <b>36.82</b>  |
| Other comprehensive profit / loss                                  | -             | -             |                | -             |
| <b>Net PAT</b>                                                     | <b>80.06</b>  | <b>104.78</b> |                | <b>36.82</b>  |
| <b>PAT Margin %</b>                                                | <b>28.92%</b> | <b>53.90%</b> |                | <b>17.00%</b> |
| <b>Diluted EPS</b>                                                 | <b>12.75</b>  | <b>13.58</b>  | <b>-6.11%</b>  | <b>8.22</b>   |

**Financial Performance Comparison – H1 FY23 v/s H1 FY22:**

- Revenue from operations increased exponentially by 42.44% from **₹194.38 Mn in H1 FY22** to **₹276.87 Mn in H1 FY23** owing to the robust demand of the SSL's services and speedy execution of services.
- The EBITDA increased from **₹98.21 Mn in H1 FY22** to **₹100.28 in H1 FY23**, however the EBITDA margins declined from **50.52% in H1 FY22** to **36.22% in H1 FY23**. The EBITDA margins are impacted due to change in accounting method for recording employee benefit expenses, during H1 FY22 the employee benefit expenses were recorded on cash basis of accounting which is changed to accrual basis of accounting from H2 FY22 itself to better reflect the financial performance.
- PAT stood at **₹80.06 Mn in H1 FY23**, compared to **₹104.78 Mn in H1 FY22** and PAT Margins have declined from **53.90% in H1 FY22** to **28.92% in H1 FY23**.

**CASH FLOW & BALANCE SHEET ANALYSIS**

| Particulars (₹ Mn)                                 | H1 FY23       | H1 FY22      |
|----------------------------------------------------|---------------|--------------|
| Net cash generation from operating activity        | 68.15         | 89.56        |
| Net cash generated/ (Used in) investing activity   | 70.68         | (1.39)       |
| Net cash generated/ (Used) from financing activity | 10.45         | (4.96)       |
| <b>Net Increase in cash and cash equivalents</b>   | <b>149.29</b> | <b>83.21</b> |

| Particulars (₹ Mn)              | H1 FY23       | H1 FY22       | Particulars (₹ Mn)                    | H1 FY23       | H1 FY22       |
|---------------------------------|---------------|---------------|---------------------------------------|---------------|---------------|
| <b>Assets</b>                   |               |               | <b>Liabilities</b>                    |               |               |
| <b>Non-Current Assets</b>       |               |               | <b>Shareholders fund</b>              |               |               |
| PPE (inc. intangible assets)    | 6.07          | 6.84          | Equity share capital                  | 41.11         | 41.11         |
| Investments                     | 109.48        | 50.44         | Other equity (inc. Minority interest) | 401.18        | 255.89        |
| Other non-current assets        | 15.84         | 0.54          | <b>Total equity</b>                   | <b>442.29</b> | <b>297.01</b> |
| Deferred tax assets (net)       | 1.22          | 0.24          | <b>Non-current liabilities</b>        |               |               |
| <b>Total non-current assets</b> | <b>132.54</b> | <b>58.06</b>  | Borrowings                            | -             | 2.98          |
|                                 |               |               | Provisions                            | 2.74          | -             |
| <b>Current assets</b>           |               |               | <b>Total non-current liabilities</b>  | <b>2.74</b>   | <b>2.98</b>   |
| Investments                     | 12.01         | 11.90         | <b>Current liabilities</b>            |               |               |
| Trade receivables               | 61.63         | 44.57         | Borrowings                            | 16.79         | 6.29          |
| Cash & bank balances            | 267.74        | 193.07        | Trade payables                        | 2.11          | 0.26          |
| Other assets                    | 6.59          | 11.74         | Other liabilities                     | 14.36         | 11.29         |
| Loans and advances              | 0.76          | 0.01          | Provisions                            | 2.98          | 1.51          |
| <b>Total current assets</b>     | <b>348.73</b> | <b>261.29</b> | <b>Total current liabilities</b>      | <b>36.24</b>  | <b>19.35</b>  |
| <b>TOTAL ASSETS</b>             | <b>481.27</b> | <b>319.34</b> | <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>481.27</b> | <b>319.34</b> |

### **Performance Comparison – H1 FY23 v/s H1 FY22:**

- **CFO to PAT** stood at **85.12% in H1 FY23** as compared to **85.47% in H1 FY22**, showing a marginal decline of 35 bps.
- Cash flow from operations stands at **₹68.15 Mn** for **H1 FY23** and **₹89.56 Mn** for **H1 FY22**.

### **Recent Notable Developments**

- **21<sup>st</sup> September 2022:** Declaration of bonus equity shares in the ratio of 3(three) new fully paid-up shares of ₹10 each for every 2(two) fully paid-up equity share held by the Shareholders of the company and the record date for the same is 10<sup>th</sup> October 2022.
- **24<sup>th</sup> August 2022:** The board of directors proposed to increase the authorized share capital from 45,00,000 equity shares to 1,05,00,000 equity shares. The same was approved at the AGM and is effective from 19<sup>th</sup> September 2022.

### **Management Comments:**

**Commenting on the performance of H1 FY23, the Mr. Prakash Parikh Managing Director said:**

*"We are elated to announce our H1 Earnings numbers, the revenue from operations grew to ₹276.87 Mn, recording a robust growth of 42.44% owing to increase in demand of our key services. EBITDA Margins stood at 36.22% in H1 FY23, declining on a YoY basis, due to change in accounting method for recording employee benefit expenses. During H1 FY22 the employee benefit expenses were recorded on cash basis of accounting which is changed to accrual basis of accounting from H2 FY22 itself to better reflect the financial performance. On sequential basis, the margins have improved significantly from 23.98% in H2 FY22 on back of steadfast execution, increase in scale of operations and efficient cost management, the strengthening USD also improved our profitability.*

*At Sigma Solve, we continue to focus on providing step ahead technology solutions backed by our experience in evolving technologies to provide our customers with right set of solutions that create a lasting impact on the end users. In view of same we continue to add more people, more capabilities and requisite infrastructure to continue to deliver beyond the ordinary. Our growing presence and expertise in cloud and app development space gives us an edge in capitalizing on the opportunities that lie ahead of us in the fastest growing sub segment of IT services ecosystem. Further, our clients trust in us keeps growing and is reflective of our client retention rate crossing over 90% consistently.*

*In the near term, we are seeing a slightly calibrated approach from the customers before committing to a high fixed capital expenditure due to various 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 and in sync with our client goals.*

*I would like to reassure on behalf of the entire SSL team that we remain aligned with our overall growth strategy and thank all the stakeholders for their continued support and encouragement.”*

**About Sigma Solve Limited:**

Sigma Solve is a technology consulting & software development company that helps and guides clients to achieve their vision for digitization, sales growth, system integration & business process automation. For the past 15 years, Sigma Solve, Inc. has predominantly provided services to clients in the USA, Canada, UK, Japan, Australia, and the Middle East. Through information technology (IT) services, the company's constantly provides clients with innovative, comprehensive, and affordable business solutions while establishing a global presence in the IT ecosystem. With Business Analysts, Designers, Developers, Quality Assurance, Project Management, Digital Marketing, and AWS Hosting all under one roof, the company augments teams for their clients. In order to lower the cost of ownership, it offers a hybrid model. For its clients, Sigma Solve, Inc. acts as a consultant to assist in achieving their digital transformation. The company has developed solutions for many industries like Healthcare, Banking and Finance, Manufacturing, Real Estate, Elearning, Hospitality, etc.

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*For further information on the Company, please visit [www.sigmasolve.com](http://www.sigmasolve.com)*

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