



## NIIT Tech ties up with SATS for cargo handling systems

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In the last seven days, NIIT Technologies has announced two major tie-ups—one for the cargo handling systems with the Singapore Airport Terminal Services (SATS) as well cargo handling services at Jakarta, Bali and Surabaya airports in Indonesia.

In an interview with **CNBC-TV18**, **Arvind Thakur, Chief Executive Officer of NIIT Technology**, spoke about his outlook for the company.

*Here is a verbatim transcript of the interview.*

**Q: What does this do to your order book? Is there a quantum jump in the number of orders that you are handling?**

A: By virtue of very sharp focus on a few industry segments, we are trying to build up capability along with specific IP assets to be able to address the market more effectively. So the way business is going to be done by the industry in the coming decade, is going to be very different from the way it's been done in the past decade. The focus would be more on providing value than just cost arbitrage.

Hence, we partnered with the SATS where we had built their cargo ground handling solution, which has been running so well at Changi Airport. We took that intellectual property and packaged it so that it can be implemented in other airports across the world. So that's a significance of this particular partnership. Obviously, it is helping us gain access to other clients in the region.

**Q: Compared to what your outlook was when you announced your previous quarter results, would you say that earnings visibility has improved in terms of margins and quantum?**

A: I would think so. Although the environment continues to be uncertain, the uncertainty comes out of the fluctuation that we are seeing in the currency rates. However, in terms of business, there is much greater visibility at least in the segments that we are focusing on. The travel segment in particular is very information intensive and has used technology very effectively not only to run through the crisis, but also in helping them in building a stronger foundation going forward. So yes, there is much greater visibility than we see in the environment.



**Q: What is your sense of how margins are shaping up? Over last few months, we have seen some sort of wage hikes. Some more wage hikes are expected in FY11. What is your own sense of how the margins will pan out because over last two years IT industry has practically not given any wage hikes? Hence, the margins have been high, but going forward what is your sense?**

A: Yes, even if you look at our results, we have been steadily improving our margins because in the past 12-18 months, due to the economic crisis, the focus of organisation has been on improving the cost structures and ensuring that you sustain the EPS levels in the organization. Going forward as things improve and business picks up, there would be more pressure in terms of salaries. Salary increases and that needs to be factored in going forward. I believe the industry has still many significant levers that it can leverage to ensure that these margins are sustained.

**Q: You have an eye on a lot of governmental projects and these tend to be very big, would you contemplate a joint venture partner so that you are able to apply for many of these projects?**

A: Not necessary. In the government segment particularly, with a few segments like defense, internal security and power, we have a strong positioning in these segments by virtue of these specializations that we have in our solutions. So we would certainly partner in some situations where a specialization is required by large integrators. We would also be going on our own and addressing these segments.

**Q: Would you want to leave us with any guidance for current quarter or the next half year's in terms of revenue targets or earnings targets?**

A: We don't provide specific guidance, but at this point of time the worst is behind us. We have seen sequential growth and we hope to continue to grow sequentially going forward as well.

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