

15th December, 2011

Corporate Scoreboard : 1850 Companies

₹ 40

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Corporate India

Foseco India, GSFC

Tecpro Systems, SIL

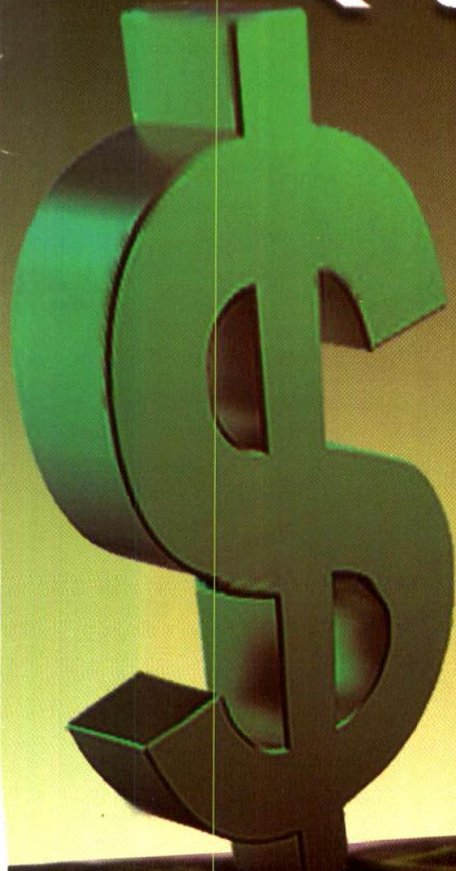
Aries Agro, NIIT Tech

Godrej Consumer

Fertiliser Industry

United Phosphorous

₹ going downhill



Heading to 60?

NIIT Tech

Growth assured despite global turmoil

"Despite the current turmoil in US and Euro, there is no noticeable impact on demand. In fact, the quarter saw \$200m of fresh order intake including seven significant customer wins, resulting in \$232m of executable order book over the next 12 months. Two customers were added each in BFSI and Government. One customer was added in manufacturing, TTL and others respectively", says Mr. Arvind Thakur, CEO and Joint MD, NIIT Technologies.

The company had recently announced its strategic partnership with Morris Communications to provide integrated IT & BPO services.

During the September 2011 quarter, the company acquired Proyecta Sistemas de Informacion S.A. (Proyecta), a software services company in Spain, specializing in Travel and Financial Services. This has strengthened NIIT Technologies front-end capabilities for larger European engagements and offers a gateway to the traditional Spanish-speaking markets in Latin America.

For the Q2 FY12, consolidated revenues were Rs. 371.1 crore, up 12.9 per cent q-o-q, up 14.3 per cent y-o-y. Volumes grew 12.5 per cent q-o-q and currency had +0.4 per cent impact.

"Operating profits stood at Rs. 55 crore, down 9.6 per cent q-o-q, down 7.3 per cent y-o-y due to one time expense of Rs. 11.9 crore on account of legal and professional services for Morris and Proyecta and no margins in Morris during transition. Operating Margins stood at 14.8 per cent, down 368 bps q-o-q, down 345 bps y-o-y. Operating profit without one time expense stood Rs. 66.9 crore and operating margins 18.6 per cent", informs Mr. Thakur.

Net Profits at Rs. 45.8 crore was up 11.2 per cent q-o-q, up 5.1 per cent y-o-y. Q-o-Q improvement in EPS was by 11.07 per cent, due to transfer of loss in Morris to minority shareholders and improvement in other income due to gain on revaluation of assets and liabilities in foreign currency.

Mr. Arvind Thakur continues, "All-round growth in each geography has contributed to the strong revenue growth. The strong order intake (of \$200m) will support the sus-

tained growth momentum".

Top 5 contributed 30 per cent and top 10 contributed 44 per cent. The company also secured major contracts from Police Department for implementing the Crime and Criminal Tracking Network System (CCTNS) for two states. CCTNS is one of the most important mission mode programmes under NeGP, Govt. of India. NIIT Technologies leveraged its experience of successful implementations of IT solutions for defense and paramilitary forces.

Business in the US and EMEA contributed to 37 per cent and 38 per cent respectively of the total revenue share, while the revenue share from APAC stood at 13 per cent and India at 12 per cent.

Net employee additions during the quarter were 468 employees, taking the total headcount to 6733 employees. Hedge position stood at \$39.75 million @ Rs. 46.98/\$.

Other income comprised Rs. 15.88 million of Mutual fund income, Rs. 90.39 million from revaluation of assets and liabilities, Rs. 6.17 million of non operating income, and Rs. 2.64 million of Interest income. The revenues include Rs. 7.5 crore each from Morris and



Arvind Thakur

Proyecta and revenues from Morris will ramp up to \$5 million and margins will flow from Q1FY13.

Average realized rate in Q2 was Rs. 45.02/\$. There are discussions in 4-5 large deals in Insurance and 1-2 in BFS space. Eurostar is still in transition phase and revenues will kink in from Q3FY12. The effective tax rate will stand at about 25 to 26 per cent for FY12.

CAPEX was Rs. 17 crore in Q2 and is expected to be Rs. 20 crore in Q3FY12. The company has not seen any pricing pressure and sees stable pricing in the future.

NIIT Tech has embarked on a journey that is transforming its business model from a linear, IT service-centric one to a non-linear one. This will help drive growth through value-added service offerings for customers such as platform-based solutions and innovative Intellectual Property (IP).

The company also made significant progress on its campus infrastructure, which is coming up in Greater Noida. ■