Financial Performance – Q1FY19

Jul 18, 2018
Agenda

- Financial Highlights
- Business Update
- Financial Statements
  - Income Statement
  - Balance Sheet
- Business Analysis
- Shareholding Pattern
# Financial Highlights – Q1FY19

**Consolidated Revenues at INR 8,249 Mn**
- Up 16.4% YoY, Up 4.6% QoQ
- Constant currency revenue growth 3.3%

**Operating profits at INR 1,306 Mn**
- Up 17.9% YoY, Down 7.8% QoQ
- Operating Margins at 15.8%, Up 21 bps YoY, Down 213 bps QoQ

**Net Profits at INR 858 Mn**
- Up 67.4% YoY, Down 0.3% QoQ
- Net Profit at 10.4%

**Order Intake at $151 Mn**
- $347 Mn of firm business executable over next 12 months
Business Highlights for Q1FY19

- BFS up 8.8% QoQ, Contributes 16.8% (LQ 16.2%)
  - Growth in top accounts in US and ramp up in new accounts in EMEA
  - 2 New accounts added

- Insurance up 10.0% QoQ, Contributes 28.5% (LQ 28.0%)
  - Growth in key accounts in US and NITL
  - 3 New Accounts

- T&T up 7.7% QoQ, Contributes 27.1% (LQ 26.3%)
  - Increase in top accounts in EU and in US
  - 2 New Customers added

- Other Verticals down 5.3% QoQ, Contributes 27.6% (LQ 30.4%)
  - Seasonal decrease in GIS
  - Decrease in Morris due to ramp down
  - 2 New accounts added
Acknowledgement during the Quarter

- Ranked number one in ‘Business Understanding’ by clients in the 2018 UK IT Outsourcing Study conducted by Whitelane Research and PA Consulting Group
- Conferred with Times Ascent “Best Change Management Strategy” at India Human Capital Summit and Awards
- Conferred with Partner of the Year for Quality by AFLAC
- Received the ‘Partner Excellence in Driving Customer Success’ award from Pega
- Conferred with Appian 2018 Regional Partner of the Year in APAC
Consolidated Qtrly Income Statement

<table>
<thead>
<tr>
<th>Particulars (INR Mn)</th>
<th>Q1FY19</th>
<th>Q4FY18</th>
<th>QoQ%</th>
<th>Q1FY18</th>
<th>YoY%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenues</td>
<td>8,249</td>
<td>7,888</td>
<td>4.6%</td>
<td>7,089</td>
<td>16.4%</td>
</tr>
<tr>
<td>Direct Cost</td>
<td>5,437</td>
<td>5,000</td>
<td>8.7%</td>
<td>4,577</td>
<td>18.8%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>2,811</td>
<td>2,888</td>
<td>-2.7%</td>
<td>2,512</td>
<td>11.9%</td>
</tr>
<tr>
<td>GM%</td>
<td>34.1%</td>
<td>36.6%</td>
<td>-253 Bps</td>
<td>35.4%</td>
<td>-135 Bps</td>
</tr>
<tr>
<td>Selling / General And Administration</td>
<td>1,505</td>
<td>1,470</td>
<td>2.4%</td>
<td>1,404</td>
<td>7.2%</td>
</tr>
<tr>
<td>SG&amp;A to Revenue %</td>
<td>18.2%</td>
<td>18.6%</td>
<td>-40 Bps</td>
<td>19.8%</td>
<td>-156 Bps</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>1,306</td>
<td>1,417</td>
<td>-7.8%</td>
<td>1,108</td>
<td>17.9%</td>
</tr>
<tr>
<td>OM%</td>
<td>15.8%</td>
<td>18.0%</td>
<td>-213 Bps</td>
<td>15.6%</td>
<td>21 Bps</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>312</td>
<td>305</td>
<td>2.3%</td>
<td>316</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Other Income (net)</td>
<td>209</td>
<td>147</td>
<td>42.0%</td>
<td>58</td>
<td>261.4%</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>1,203</td>
<td>1,261</td>
<td>-4.6%</td>
<td>849</td>
<td>41.7%</td>
</tr>
<tr>
<td>PBT %</td>
<td>14.6%</td>
<td>16.0%</td>
<td>-138 Bps</td>
<td>12.0%</td>
<td>261 Bps</td>
</tr>
<tr>
<td>Provision for Tax</td>
<td>300</td>
<td>288</td>
<td>4.1%</td>
<td>295</td>
<td>1.7%</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>46</td>
<td>112</td>
<td>-59.1%</td>
<td>42</td>
<td>8.5%</td>
</tr>
<tr>
<td>Profit After Tax (after Minority Int.)</td>
<td>858</td>
<td>861</td>
<td>-0.3%</td>
<td>513</td>
<td>67.4%</td>
</tr>
<tr>
<td>PAT%</td>
<td>10.4%</td>
<td>10.9%</td>
<td>-50 Bps</td>
<td>7.2%</td>
<td>317 Bps</td>
</tr>
<tr>
<td>EPS - INR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>14.0</td>
<td>14.0</td>
<td>-0.4%</td>
<td>8.4</td>
<td>67.1%</td>
</tr>
</tbody>
</table>

- Q1FY19 margins reflects impact of wage hikes, visa costs and seasonal decline in GIS business
- Higher other income due to revaluation of foreign currency assets and liabilities due to exchange fluctuation and interest on income tax refund during the quarter
- In Q1FY19, DDT is recognized in statement of changes in equity as against a charge to P&L as current tax expense in Q1FY18. Net of this change the growth in PAT is 40.8% for the firm YoY

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**Balance Sheet**

### Particulars

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at Jun 30 2018</th>
<th>As at Mar 31 2018</th>
<th>As at Jun 30 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>615</td>
<td>615</td>
<td>614</td>
</tr>
<tr>
<td>Reserves &amp; Surplus</td>
<td>17,568</td>
<td>17,126</td>
<td>16,094</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>4,420</td>
<td>4,500</td>
<td>4,678</td>
</tr>
<tr>
<td>Capital Work in Progress</td>
<td>23</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>4,362</td>
<td>4,293</td>
<td>4,548</td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalent</td>
<td>6,849</td>
<td>8,057</td>
<td>6,162</td>
</tr>
<tr>
<td>Debtors</td>
<td>6,363</td>
<td>5,911</td>
<td>5,424</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>2,490</td>
<td>2,701</td>
<td>2,439</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>(4,967)</td>
<td>(5,115)</td>
<td>(4,823)</td>
</tr>
<tr>
<td>Future Acquisition Liability</td>
<td>(1,778)</td>
<td>(2,943)</td>
<td>(2,016)</td>
</tr>
<tr>
<td>Deferred Tax Assets</td>
<td>1,264</td>
<td>1,231</td>
<td>1,075</td>
</tr>
</tbody>
</table>

**NET Worth**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at Jun 30 2018</th>
<th>As at Mar 31 2018</th>
<th>As at Jun 30 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>18,183</td>
<td>17,740</td>
<td>16,708</td>
<td></td>
</tr>
</tbody>
</table>

**Current Liabilities**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at Jun 30 2018</th>
<th>As at Mar 31 2018</th>
<th>As at Jun 30 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(4,967)</td>
<td>(5,115)</td>
<td>(4,823)</td>
<td></td>
</tr>
</tbody>
</table>

- Reserves and Surplus up INR 443 Mn over LQ.
- Cash and Bank Balances down by INR 1,208 Mn over LQ, primarily on account of further stake in Incessant and Ruletek.
- DSO – 75 days (LQ 70 days)
- Capex during the Qtr – INR 302 Mn
- Future acquisition liability is on account of obligation to buy balance stake in Incessant and RuleTek.
**Geography Mix**

**Q1 FY'19:**
- Strong growth in US despite ramp down in Morris
- Strong growth in EMEA due to growth in NITL, IMS & Digital engagements
- Drop in RoW due to seasonal decline in GIS

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**Q4 FY'18**
- **America**: 48%
- **EMEA**: 32%
- **ROW**: 20%

**Q1 FY'19**
- **America**: 50%
- **EMEA**: 32%
- **ROW**: 18%
Q1FY19:
• Growth in TTL due to ramp up in top clients in US and Europe
• Growth in BFS on account of growth in Digital Engagements
• Growth in Insurance on account of key accounts across US & Europe and Digital engagements
• Others vertical contracted primarily on account of lower revenues from GIS and Morris
Service Mix

Q4 FY18

- ADM 66%
- IMS 19%
- IP Based 7%
- BPO 4%
- SI & PI 4%

Q1 FY19

- ADM 68%
- IMS 19%
- IP Based 7%
- BPO 3%
- SI & PI 3%

Q1FY19:
- Growth in ADM due to growth in all major verticals (BFS, Insurance & T&T)
- Digital revenues at 27%, reflecting sequential growth of 11% and YoY growth of 53%
- Growth in NITL & IMS
- Decline in BPO due to Morris ramp down
- Reduction in SI & PI due to seasonal decline in GIS
9 new customers added: 5 in US, 3 in EMEA and 1 in ROW

$151 Mn order intake in the quarter leading to $347 Mn of firm business executable over next 12 months

Geographical breakdown of order intake – US (69 Mn), EMEA (56 Mn), ROW (26 Mn)
Top Client Mix

<table>
<thead>
<tr>
<th>MM $ Clients</th>
<th>Q4'18</th>
<th>Q1'19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 20</td>
<td>54%</td>
<td>49%</td>
</tr>
<tr>
<td>Top 10</td>
<td>40%</td>
<td>36%</td>
</tr>
<tr>
<td>Top 5</td>
<td>29%</td>
<td>27%</td>
</tr>
<tr>
<td>Others</td>
<td>46%</td>
<td>51%</td>
</tr>
</tbody>
</table>

Q4'18 vs Q1'19
People Resources

People Data

<table>
<thead>
<tr>
<th></th>
<th>Sep'17</th>
<th>Dec'17</th>
<th>Mar'18</th>
<th>Jun'18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Additions</td>
<td>9,022</td>
<td>9,081</td>
<td>9,423</td>
<td>9,764</td>
</tr>
<tr>
<td>Attrition%</td>
<td>11.36%</td>
<td>10.57%</td>
<td>10.47%</td>
<td>10.08%</td>
</tr>
<tr>
<td>Utilization</td>
<td>79.50%</td>
<td>79.00%</td>
<td>79.50%</td>
<td>80.10%</td>
</tr>
</tbody>
</table>
Shareholding Pattern

- **June 2017 (Jun'17):**
  - Promoters: 16%
  - Others: 31%
  - Banks/MF/FI's: 20%
  - FII's: 33%

- **September 2017 (Sep'17):**
  - Promoters: 15%
  - Others: 31%
  - Banks/MF/FI's: 18%
  - FII's: 36%

- **December 2017 (Dec'17):**
  - Promoters: 14%
  - Others: 31%
  - Banks/MF/FI's: 16%
  - FII's: 39%

- **March 2018 (Mar'18):**
  - Promoters: 15%
  - Others: 31%
  - Banks/MF/FI's: 14%
  - FII's: 41%

- **June 2018 (Jun'18):**
  - Promoters: 14%
  - Others: 31%
  - Banks/MF/FI's: 14%
  - FII's: 41%
Thank You