

# Cigniti Technologies Ltd.

## Investor Update

Q2 & H1 FY2019

Cigniti is a globally recognized player in Specialized Quality Engineering Services and an emerging leader with Digital offerings

## Business Overview

- Founded in 1998, Cigniti is a global player in Specialized Quality Engineering Services
- It offers **Services** including Traditional Quality Assurance & Testing, Quality Engineering, Digital Testing and many more services
- **2100+** Employees worldwide, **1800+** testers
- **200+** Active customers including **49** Fortune 500 Customers
- Differentiator: IP led approach to digital through **BlueSwan** Platform
- **Key Verticals:** BFSI, Travel & Hospitality, HealthCare
- Shareholding Pattern: **37.37%** Promoters, **62.63%** Public holding

## Financial Overview

## Awards & Recognitions

- **World's first** Independent Quality Engineering Services Company to be appraised at CMMI-SVC v1.3, Maturity Level 5, and we also are ISO 9001:2015 & ISO 27001:2013 certified
- Positioned as a **'Star Performer'** and **'Major Contender'** in the Everest Group PEAK Matrix. 3 years in a row.
- Positioned in **Gartner's Magic Quadrant** for Application Testing Services, Worldwide for 3 years in a row.
- Recognized as a Leader by **NelsonHall** in NEAT charts for Software Testing, for 3 years in a row as a Leader in the Digital & Consulting market segments.

## Customers

A strong client base of 200+ Active Customers



## Partners

Deeply interconnected in rich ecosystems



## Financial Overview

### Business Metrics Q2FY19

Revenues: 205 Cr.

EBITDA: 37 Cr.

PAT: 50 Cr.

### Business Metrics H1FY19

Revenues: 400 Cr.

EBITDA: 65 Cr.

PAT: 88 Cr.

## Company Overview

Headquartered in Hyderabad, India, Cigniti is North America's largest Independent Quality Engineering Services company with operations in 13 countries. It offers wide variety of QA testing services including Testing Advisory & consulting leveraging IP (BlueSwan) for Digital transformation.

**200+**  
Active  
Customers

**1800+**  
Career  
Testers

**49**  
Fortune  
500 Customers

**71**  
Global  
2000 Customers

## Q2FY19 Operational Highlights

- ❖ The Company's Revenue from operations for the quarter under consideration stood at Rs 204.96 crore as against Rs 169.02 crore in Q2FY18.
- ❖ EBIDTA for the September quarter was at Rs 37.14 crore and EBIDTA margin stood at 18.1%.
- ❖ Other income includes Net foreign exchange gain of Rs. 684.12 lakhs for the quarter ended September 30, 2018 (net foreign exchange gain of Rs. 566.99 lakhs for the quarter ended June 30, 2018) and export incentive of Rs. 1,646.23 lakhs pertaining to the period from April 2015 to September 2018 recognized in the current quarter based on the duty scrips grant received/receivables.
- ❖ The company's Net Profit for Q2FY19 stood at Rs 49.53 crore as against Net Profit of Rs 9.81 crore in Q2FY18.

## Awards & Recognitions



## Partners



## Quality Engineering and Specialized Offerings



- Performance Engineering
- Service Virtualization
- Test Data Management
- Tools Streamlining
- End to End Automation
- DevOps Enablement
- Test Environment Management
- Resiliency and Reliability Testing

## Quality Assurance and Traditional Offerings



- Security Testing
- Functional Testing
- Test Automation
- Globalization Testing
- Performance Testing
- Compatibility Testing
- Regression Testing

## Digital and Next Generation Offerings



- IoT Assurance
- Cloud Assurance
- Omni and Multi-Channel Testing
- Robotics Automation
- Mobile Testing
- Customer Experience Testing



# Board Members





**C V Subramanyam, Chairman and Managing Director**

- In 1998, Mr. Subramanyam founded Chakkilam Infotech Pvt. Ltd. as an IT services company providing IT solutions
- Successfully took the company public in 2004
- Holds a Bachelors in Commerce and Law and Post Graduate Diploma in Business Management



**Srikanth Chakkilam, Chief Executive Officer, Cigniti Technologies Inc.**

- Drives client acquisition strategies, provides oversight to Sales, sets business targets, and maintains the P&L and related activities
- Key decision maker in the vision and growth of Cigniti & plays a vital role in evaluating, analyzing & deciding Cigniti's pursuits related to inorganic growth
- Focused to build a highly successful, impactful and ethical business in all forms
- Has an MS from the University of Southern California



**Krishnan Venkatachary, CFO**

- Mr. Krishnan brings to Cigniti over 25 years of experience spanning global financial operations. Is a qualified ACA, ACS and FCMA
- Previous experience: Yashoda Hospitals, Flagstone Underwriting Support Services, VisualSoft Technologies, Baan Info Systems



**Pradeep G, CTO & President (North America West)**

- Mr. Pradeep as CTO is responsible for revenue targets and business growth for Cigniti's NA West operations. He is an industry thought leader in software testing with over 15 years of experience
- Previous experience: Cognizant Technology Solutions, HTC Global services



**Kalyana Rao Konda, President (North America East)**

- Mr. Kalyana drives the growth of Cigniti's NA East business to meet the co-located testing services requirements in the US. Is a certified Project Management Professional (PMP) and a Certified Software Quality Analyst (CSQA)
- Previous experience: AppLabs, Virtusa, and Baan



**Raghu Krovvidy, EVP – Delivery, Process & ESG**

- Mr. Raghu manages Global Delivery on a day to day basis across all GEOs and verticals for Cigniti
- Previous experience: 20+ years. Accenture, AppLabs, IRIS Digital & NIIT



**Jagdish Kumar, SVP – ICT**

- Jagdish heads ICT function at Cigniti. Over 25 years of experience in various global roles spanning IT Strategy & others
- Previous experience: JDA, OpenText, BaaN, HCL



**Nanda Padmaraju, SVP – ROW**

- Mr. Nanda heads sales for the UK and EU regions. Brings in more than 18 years of global IT expertise along with strong financial acumen
- Previous experience: AppLabs, Satyam Computer, IBM & Sharp Protech



**Rajesh Sarangapani, VP – Delivery, Practices**

- Mr. Rajesh manages technology COE's and Innovation. Over 20 Years of experience in software testing
- Previous experience: Accenture, AppLabs, Amundi Pioneer, Virtusa & Baan



**Shyam Patlolla, VP - Human Resources**

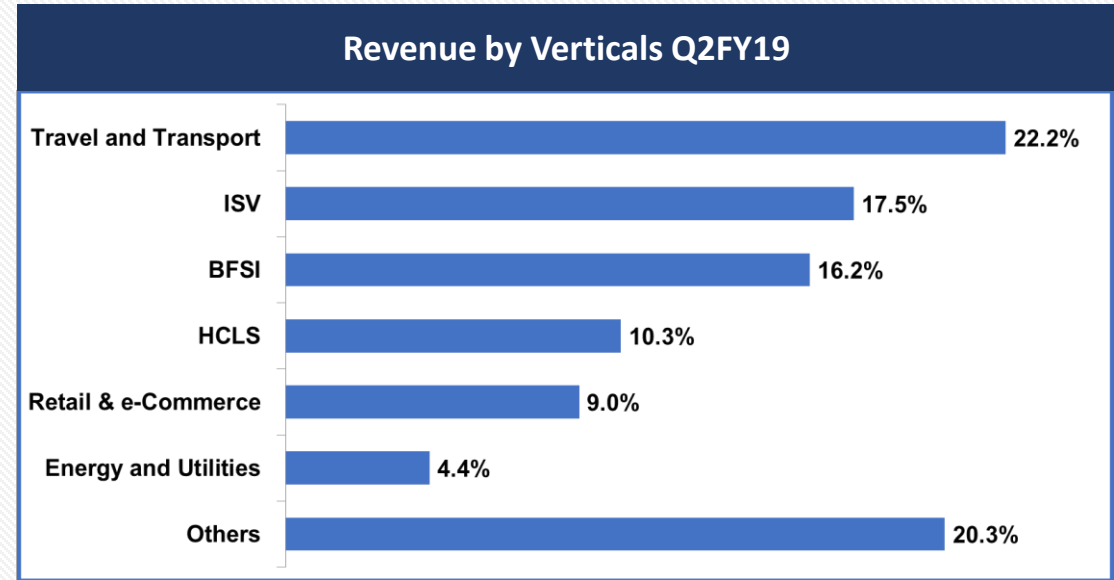
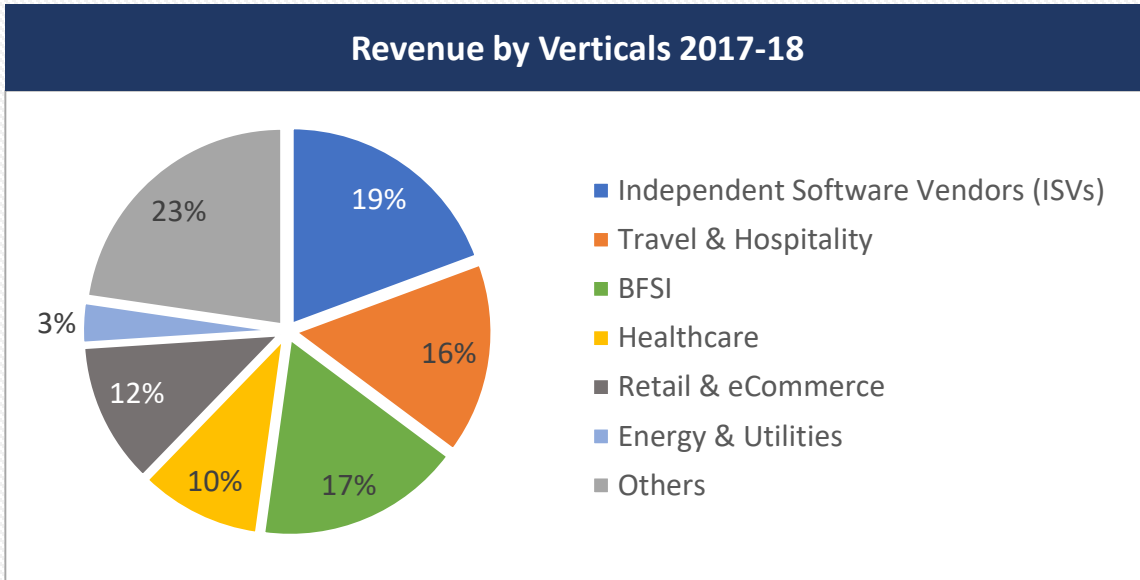
- Mr. Shyam heads Global HR function for Cigniti. HR Professional with over 18 years of experience in Global and Indian organizations
- Previous experience: Honeywell, SSI Technologies, BPL Engineering



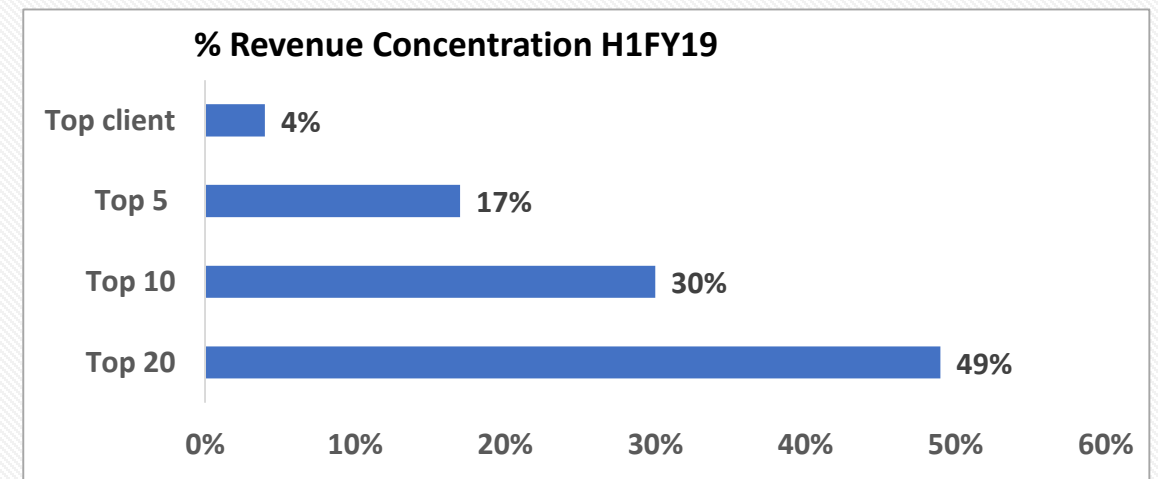
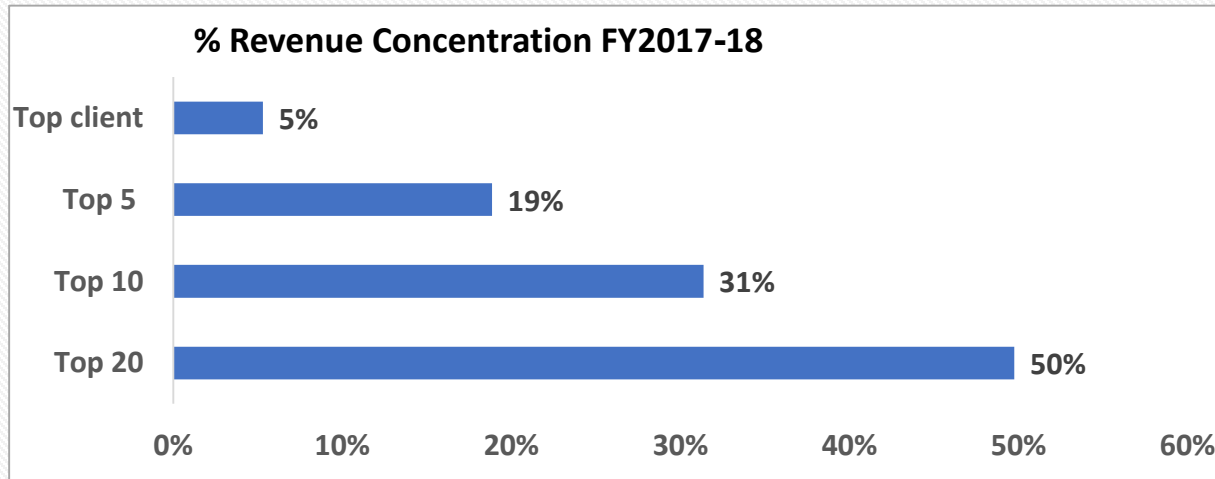
**Subhendu Pattnaik, AVP – Marketing & IST**

- Subhendu heads Global Marketing & Demand Generation. 15+ years of experience & proven track record in leading 360-degree Marketing
- Previous experience: Infosys, Tata BSS, FINO, Mindfire

# Diversified Client base Leading to Better Stability



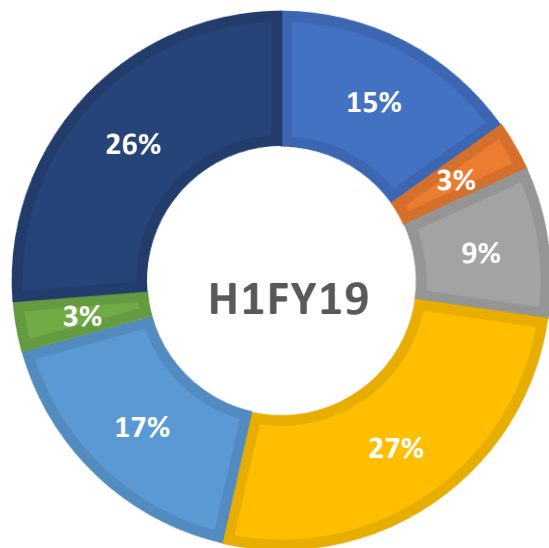
The revenue concentration in top accounts has decreased significantly from FY17 to FY18, implying higher revenue stability in future



# Marquee Clients Across Industry Verticals

In high-spend Industry verticals, Cigniti has marquee clients.

## Diversified revenue profile across industry verticals...



- BFSI
- HCLS
- Others
- Travel & Transport
- Energy and Utilities
- ISV
- Retail & E-Commerce

Verticals	Key Clients
<b>BFSI</b>	
<b>Energy &amp; Utilities</b>	
<b>Healthcare &amp; Life Sciences</b>	
<b>Travel &amp; Hospitality</b>	
<b>Media &amp; Technology</b>	
<b>Retail &amp; e-commerce</b>	



# Financial Highlights Q2FY19

(in Millions)	Q2FY19	Q1FY19	Q2FY18	Q-o-Q	Y-o-Y
<u>Income</u>					
Revenue from operations	2,050	1,947	1,690	5%	21%
Revenue from operations (\$M)	29.53	29.28	24.50	1%	20%
<u>Expenses</u>					
Employee benefit expense	1,164	1,184	1,188	-2%	-2%
Other expenses	514	481	362	7%	42%
<b>EBITDA</b>	<b>371</b>	<b>282</b>	<b>140</b>	<b>32%</b>	<b>166%</b>
<b>% EBITDA</b>	<b>18.1%</b>	<b>14.5%</b>	<b>8.3%</b>		
Depreciation & Amort	7	7	7	-	-
<b>EBIT</b>	<b>364</b>	<b>275</b>	<b>133</b>		
Other Income	235	59	23	310%	1115%
Finance costs	36	38	47	-8%	-25%
<b>PBT (before exceptional items)</b>	<b>563</b>	<b>296</b>	<b>109</b>	<b>90%</b>	<b>417%</b>
Exceptional items	-	-	-	-	-
<b>PBT</b>	<b>563</b>	<b>296</b>	<b>109</b>	<b>90%</b>	<b>417%</b>
Tax	68	-95	11	-	520%
<b>PAT</b>	<b>495</b>	<b>391</b>	<b>98</b>	<b>26%</b>	<b>405%</b>
<b>EPS (Basic)</b>	<b>18.0</b>	<b>14.3</b>	<b>3.70</b>		

All values are in INR Million

# Financial Highlights H1FY19

	INR in Millions	H1FY19	H1FY18	Y-o-Y
<u>Income</u>				
Revenue from operations		3,997	3,375	18%
Revenue from operations (\$M)		58.81	48.91	20%
<u>Expenses</u>				
Employee benefit expense		2,349	2,407	-2%
Other expenses		362	995	20%
<b>EBITDA</b>		<b>653</b>	<b>141</b>	<b>363%</b>
<b>% EBITDA</b>		<b>16.3%</b>	<b>4.2%</b>	
Depreciation & Amort		14	14	-
<b>EBIT</b>		<b>639</b>	<b>127</b>	<b>403%</b>
Other Income		293	17	1649%
Finance costs		74	91	-18%
<b>PBT (before exceptional items)</b>		<b>858</b>	<b>53</b>	<b>1519%</b>
Exceptional items		-	-	-
<b>PBT</b>		<b>858</b>	<b>53</b>	<b>1504%</b>
Tax		(29)	12	-
<b>PAT</b>		<b>887</b>	<b>41</b>	<b>2052%</b>
<b>EPS (Basic)</b>		<b>32.36</b>	<b>1.55</b>	

All values are in INR Million

# Cigniti's Income statement

	FY16	FY17	FY18	H1FY19
<u>Income</u>				
Revenue from operations	5,948	6,193	6,933	3,997
Revenue from operations (\$M)	90	94	108	58.81
<u>Expenses</u>				
Employee benefit expense	3,937	4,513	4,701	2,349
Other expenses	1,032	1,900	1,715	362
<b>EBITDA</b>	<b>979</b>	<b>-221</b>	<b>517</b>	<b>653</b>
<b>% EBITDA</b>	<b>16.5%</b>	<b>-3.6%</b>	<b>7.5%</b>	<b>16.3%</b>
Depreciation & Amort	113	170	27	14
<b>EBIT</b>	<b>867</b>	<b>-390</b>	<b>490</b>	<b>639</b>
Other Income	33	3	9	293
Finance costs	60	161	170	74
<b>PBT (before exceptional items)</b>	<b>840</b>	<b>-548</b>	<b>320</b>	<b>858</b>
Exceptional items	-	-3,321	-	-
<b>PBT</b>	<b>840</b>	<b>-3,869</b>	<b>329</b>	<b>858</b>
Tax	344	79	8	(29)
<b>PAT</b>	<b>497</b>	<b>-3,948</b>	<b>322</b>	<b>887</b>
<b>EPS (Basic)</b>	<b>19.9</b>	<b>-151.1</b>	<b>12.1</b>	<b>32.36</b>

All values are in INR Million

# Cigniti's Balance Sheet

	2016	2017	2018	H1FY19
Property Plant & equipment	285	88	69	146
Goodwill	549	549	549	549
Capital WIP	643	-	-	-
Other intangible assets	581	-	-	-
Financial assets				
Loans	38	35	34	34
Other non-financial assets	-	2	2	-
Deferred tax assets net	10	50	-	-
Other non current assets	1,251	15	14	-
<b>Sub total</b>	<b>3,357</b>	<b>739</b>	<b>667</b>	<b>729</b>
<b>Current assets</b>				
Financial assets				
Loans	5	170	178	27
Trade receivables	1,115	1,035	1,147	1,376
Cash and cash equivalent	40	158	179	384
Other Bank balances	2	4	4	1
Other current financials assets	2	1	2	111
Current tax assets net	19	14	3	1
Other current assets	1,624	159	201	138
<b>Sub total</b>	<b>2,806</b>	<b>1,540</b>	<b>1,714</b>	<b>2,038</b>
<b>Total</b>	<b>6,163</b>	<b>2,279</b>	<b>2,380</b>	<b>2,767</b>

All values are in INR Million

	2016	2017	2018	H1FY19
Equity & Liabilities				
Equity share capital	255	265	272	275
Other equity	3,126	-673	-204	586
<b>Sub total</b>	<b>3,381</b>	<b>-408</b>	<b>69</b>	<b>861</b>
Non-current liabilities				
Financial liabilities				
Borrowings	-	204	148	-
Long term provisions	28	52	65	69
Deferred tax liability	24	-	-	-
<b>Sub total</b>	<b>52</b>	<b>256</b>	<b>213</b>	<b>69</b>
<b>Current liabilities</b>				
Financial liabilities				
Short term borrowings	1,184	1,188	1,110	930
Trade payables	992	523	542	610
Other current financial liabilities	-	62	63	21
Short term provisions	12	15	18	28
Current tax liability, net	364	291	162	101
Other current liabilities	178	351	203	148
<b>Subtotal</b>	<b>2,731</b>	<b>2,431</b>	<b>2,099</b>	<b>1,837</b>
<b>Total</b>	<b>6,163</b>	<b>2,279</b>	<b>2,380</b>	<b>2,767</b>



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##### Hyderabad

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