

Cigniti Technologies Ltd.

Investor Update

Q3 & 9M 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: **36.50%** Promoters, **63.50%** 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. 4 years in a row.
- Positioned in **Gartner's Magic Quadrant** for Application Testing Services, Worldwide for 4 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 Q3FY19

Revenues: 210 Cr.

EBITDA: 39 Cr.

PAT: 29 Cr.

Business Metrics 9MFY19

Revenues: 610 Cr.

EBITDA: 104 Cr.

PAT: 117 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

Q3FY19 Operational Highlights

- ❖ The Company's Revenue from operations for the quarter under consideration stood at Rs 209.97 crore as against Rs 177.13 crore in Q3FY18.
- ❖ EBIDTA for the December quarter was at Rs 38.70 crore and EBIDTA margin stood at 18.4%.
- ❖ Other income includes Net foreign exchange loss of Rs. 5.87 Cr. for the quarter ended December 31, 2018 respectively (net foreign exchange gain of Rs. 6.84 Cr. for the quarter ended September 30, 2018) and Export incentive Rs. 12.69 Cr. pertaining to the period from April 2015 to March 31, 2018 recognized in the previous quarter based on the duty scrips grant received.
- ❖ The company's Net Profit for Q3FY19 stood at Rs 28.79 crore as against Net Profit of Rs 8.25 crore in Q3FY18.

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

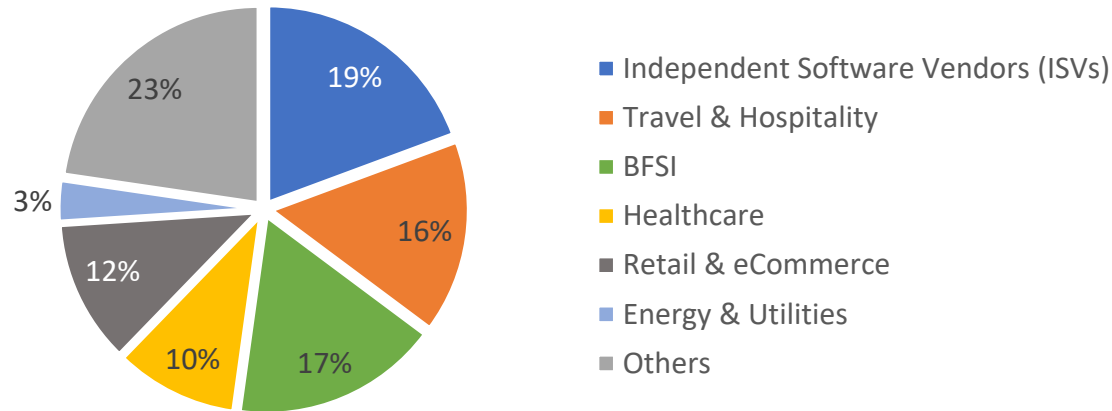


Subhendu Pattnaik, AVP – Marketing & IST

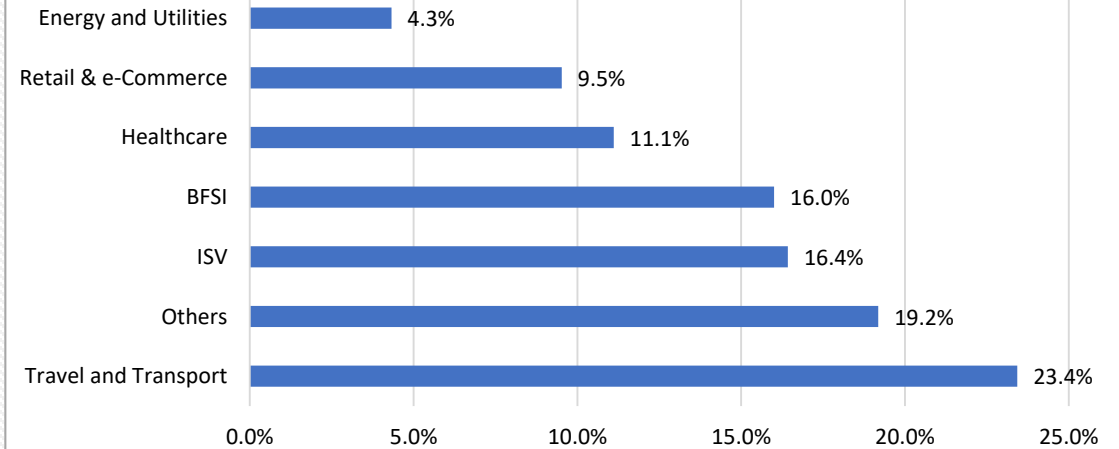
- Subhendu heads Global Marketing & Demand Generation. 15+ years of experience & proven track record in leading 360-degree Marketing
- Previous experience: Infosys, Tata BSS, FINO, Mindfire

Diversified Client base Leading to Better Stability

Revenue by Verticals 2017-18

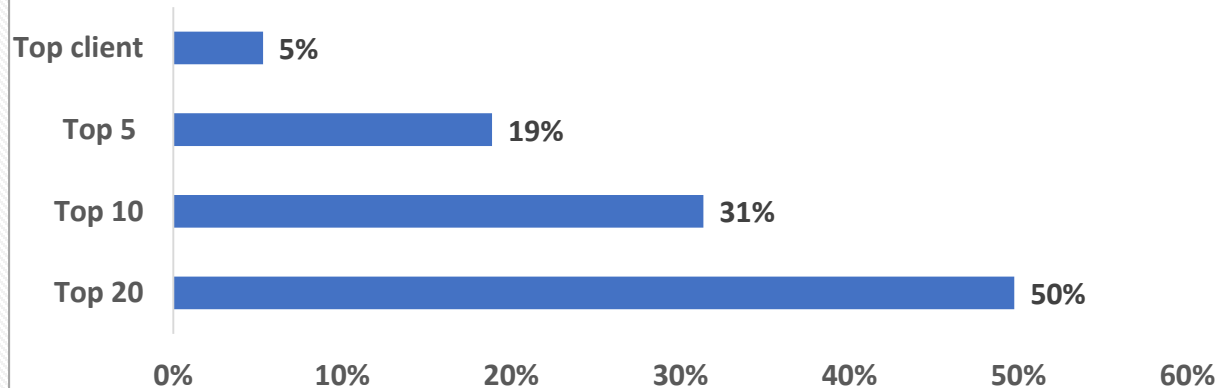


Revenue by Verticals Q3FY19

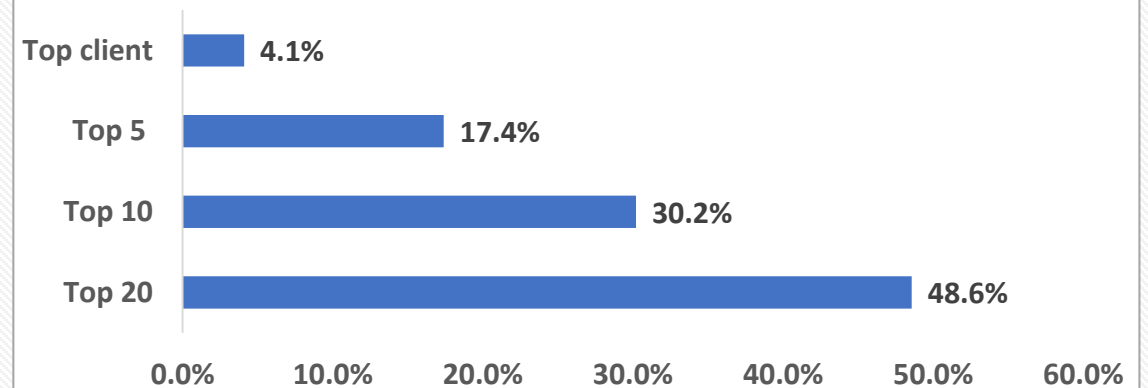


The revenue concentration in top accounts has decreased significantly from FY17 to FY18, implying higher revenue stability in future

% Revenue Concentration FY2017-18



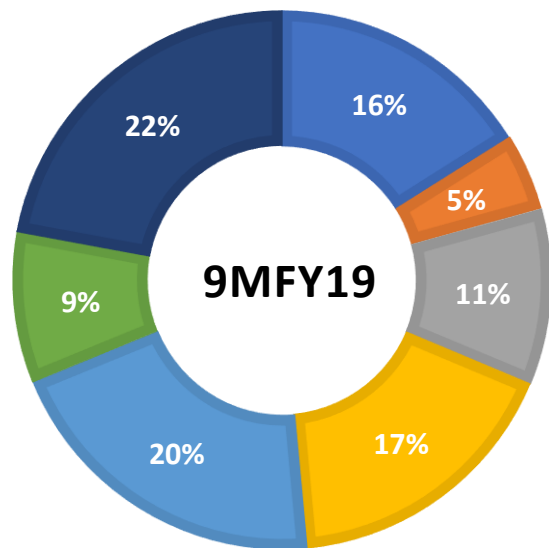
% Revenue Concentration 9MFY19



Marquee Clients Across Industry Verticals

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

Revenue by Verticals 9MFY19



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

Verticals	Key Clients
BFSI	
Energy & Utilities	
Healthcare & Life Sciences	
Travel & Hospitality	
Media & Technology	
Retail & e-commerce	

Financial Highlights Q3FY19

(in Millions)	Q3FY19	Q2FY19	Q3FY18	Q-o-Q	Y-o-Y
<u>Income</u>					
Revenue from operations	2,099	2,050	1,771	2%	19%
Revenue from operations (\$M)	29.39	29.53			
<u>Expenses</u>					
Employee benefit expense	1,189	1,164	1,154	2%	3%
Other expenses	523	514	450	2%	16%
EBITDA	387	371	167	4%	131%
% EBITDA	18.4%	18.1%	9.4%		
Depreciation & Amort	9	7	7	28%	28%
EBIT	378	364	160	4%	136%
Other Income(Expense)	(30)	235	(40)		
Finance costs	27	36	39	(23%)	(31%)
PBT (before exceptional items)	321	563	81	(43%)	296%
Exceptional items	-	-	-		
PBT	321	563	81	(43%)	296%
Tax	33	68	(1)		
PAT	288	495	82	(42%)	249%
EPS (Basic)	10.47	18.0	3.11		

All values are in INR Million

Financial Highlights 9MFY19

INR in Millions	9MFY19	9MFY18	Y-o-Y
<u>Income</u>			
Revenue from operations	6,096	5,146	18%
Revenue from operations (\$M)			
<u>Expenses</u>			
Employee benefit expense	3,537	3,561	(1%)
Other expenses	1,523	1,277	19%
EBITDA	1,036	308	236%
% EBITDA	17.0%	6.0%	
Depreciation & Amort	23	20	12%
EBIT	1,013	288	252%
Other Income (Expense)	263	(24)	
Finance costs	101	129	(22%)
PBT (before exceptional items)	1,175	135	773%
Exceptional items	-	-	-
PBT	1,175	135	773%
Tax	1	11	(99%)
PAT	1,174	124	849%
EPS (Basic)	42.82	4.67	

All values are in INR Million

Cigniti's Income statement

	FY16	FY17	FY18	9MFY19
<u>Income</u>				
Revenue from operations	5,948	6,193	6,933	6,096
Revenue from operations (\$M)	90	94	108	
<u>Expenses</u>				
Employee benefit expense	3,937	4,513	4,701	3,537
Other expenses	1,032	1,900	1,715	1,523
EBITDA	979	-221	517	1,036
% EBITDA	16.5%	-3.6%	7.5%	17.0%
Depreciation & Amort	113	170	27	23
EBIT	867	-390	490	1,013
Other Income	33	3	9	263
Finance costs	60	161	170	101
PBT (before exceptional items)	840	-548	320	1,175
Exceptional items	-	-3,321	-	-
PBT	840	-3,869	329	1,175
Tax	344	79	8	1
PAT	497	-3,948	322	1,174
EPS (Basic)	19.9	-151.1	12.1	42.82

All values are in INR Million

Cigniti's Balance Sheet

	2016	2017	2018	9MFY19
Property Plant & equipment	285	88	69	140
Goodwill	549	549	549	549
Capital WIP	643	-	-	-
Other intangible assets	581	-	-	-
Financial assets				
Loans	38	35	34	42
Other non-financial assets	-	2	2	-
Deferred tax assets net	10	50	-	-
Other non current assets	1,251	15	14	-
Sub total	3,357	739	667	731
Current assets				
Financial assets				
Loans	5	170	178	18
Trade receivables	1,115	1,035	1,147	1,375
Cash and cash equivalent	40	158	179	472
Other Bank balances	2	4	4	1
Other current financials assets	2	1	2	139
Current tax assets net	19	14	3	1
Other current assets	1,624	159	201	131
Sub total	2,806	1,540	1,714	2,137
Total	6,163	2,279	2,380	2,868

All values are in INR Million

	2016	2017	2018	9MFY19
Equity & Liabilities				
Equity share capital	255	265	272	275
Other equity	3,126	-673	-204	924
Sub total	3,381	-408	69	1,199
Non-current liabilities				
Financial liabilities				
Borrowings	-	204	148	-
Long term provisions	28	52	65	74
Deferred tax liability	24	-	-	-
Sub total	52	256	213	74
Current liabilities				
Financial liabilities				
Short term borrowings	1,184	1,188	1,110	924
Trade payables	992	523	542	482
Other current financial liabilities	-	62	63	15
Short term provisions	12	15	18	28
Current tax liability, net	364	291	162	25
Other current liabilities	178	351	203	122
Subtotal	2,731	2,431	2,099	1,595
Total	6,163	2,279	2,380	2,868

EBITDA & EPS Analysis

Particulars	INR Crores			
	Q1	Q2	Q3	Total
EBITDA (Reported)	28.19	37.14	38.70	104.03
In %	14.5%	18.1%	18.4%	17.1%
Add: Non-Recurring Expense	1.88	-	-	1.88
Actual EBITDA	30.07	37.14	38.70	105.91
In %	15.4%	18.1%	18.4%	17.4%
Add: ESOP Expense	1.45	1.69	1.68	4.81
Cash EBITDA	31.52	38.83	40.37	110.73
In %	16.2%	18.9%	19.2%	18.2%

Particulars	INR Crores			
	Q1	Q2	Q3	Total
PAT (Reported)	39.15	49.53	28.79	117.47
In %	20.1%	24.2%	13.7%	17.1%
Less: Export Incentives	-	16.46	2.63	19.10
Less(Add): Exchnage Gain (Loss)	5.67	6.84	(5.87)	6.64
Less: US Tax Reversal/Refund net	13.62	-	-	13.62
Normalized PAT	19.87	26.22	32.03	78.12
Normalized PAT %	10.2%	12.8%	15.3%	12.8%
Normalized EPS				28.47
Reported EPS				42.82

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