

# Cigniti Technologies Ltd.

## Investor Update

Q4 & FY2018-19

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

## 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



# Cigniti: A Global Leader in Specialized Quality Engineering Services

## Financial Overview

### Business Metrics Q4FY19

Revenues: 206 Cr.

EBITDA: 23 Cr.

PAT: 30 Cr.

### Business Metrics FY 2019

Revenues: 816 Cr.

EBITDA: 133 Cr.

PAT: 147 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.



## Q4FY19 Operational Highlights

- ❖ The Company's Revenue from operations for the quarter under consideration stood at Rs 206.44 crore as against Rs 178.65 crore in Q4FY18.
- ❖ EBIDTA for the March quarter was at Rs 28.82 crore and EBIDTA margin stood at 14%.
- ❖ The company's Net Profit for Q4FY19 stood at Rs 29.88 crore as against Net Profit of Rs 19.8 crore in Q4FY18; an increase of 51% Q-o-Q.
- ❖ Revenue from top 5 clients contributed approximately 18% of the Revenue.

## 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



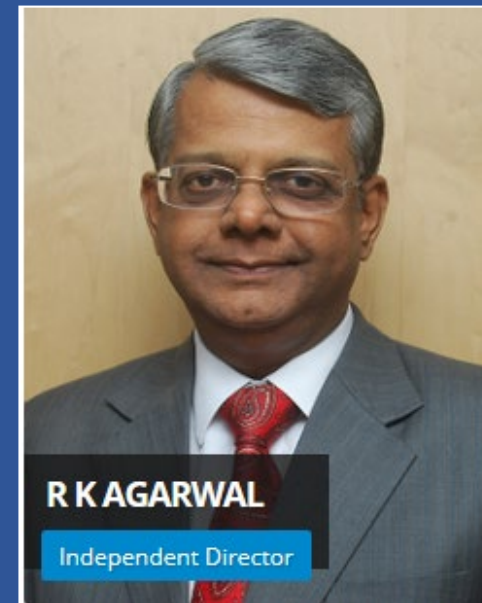
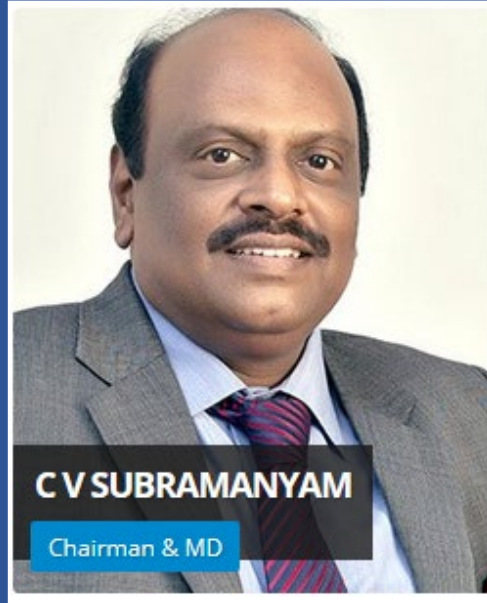
- Security Testing
- Functional Testing
- Test Automation
- Globalization Testing
- Performance Testing
- Compatibility Testing
- Regression Testing

## Digital and Next Generation Offerings



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







**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



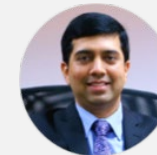
**Raghu Krovvidy, EVP – Delivery, Process & ESG**

- 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**

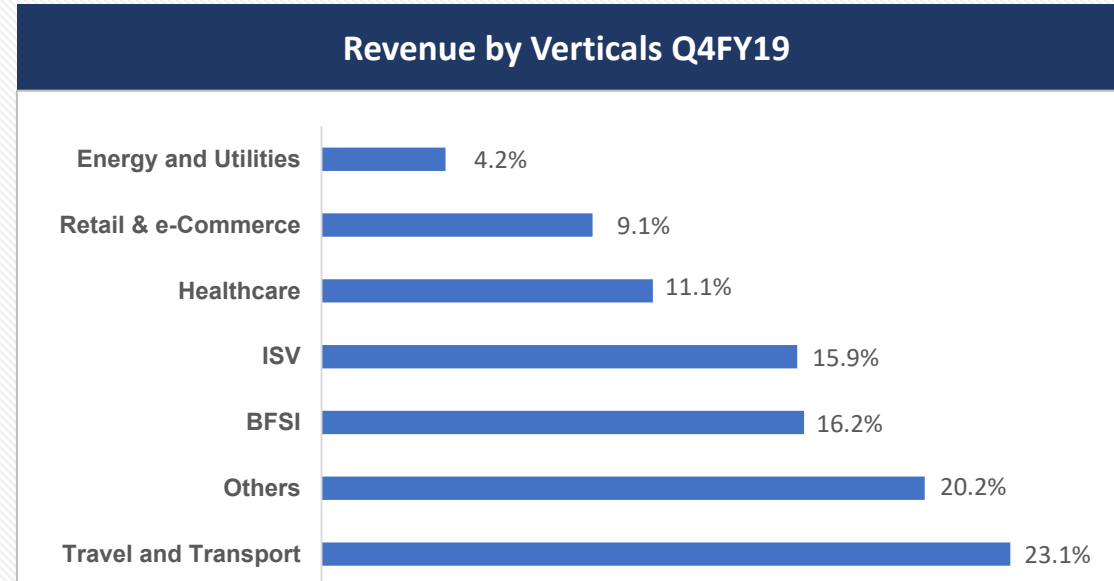
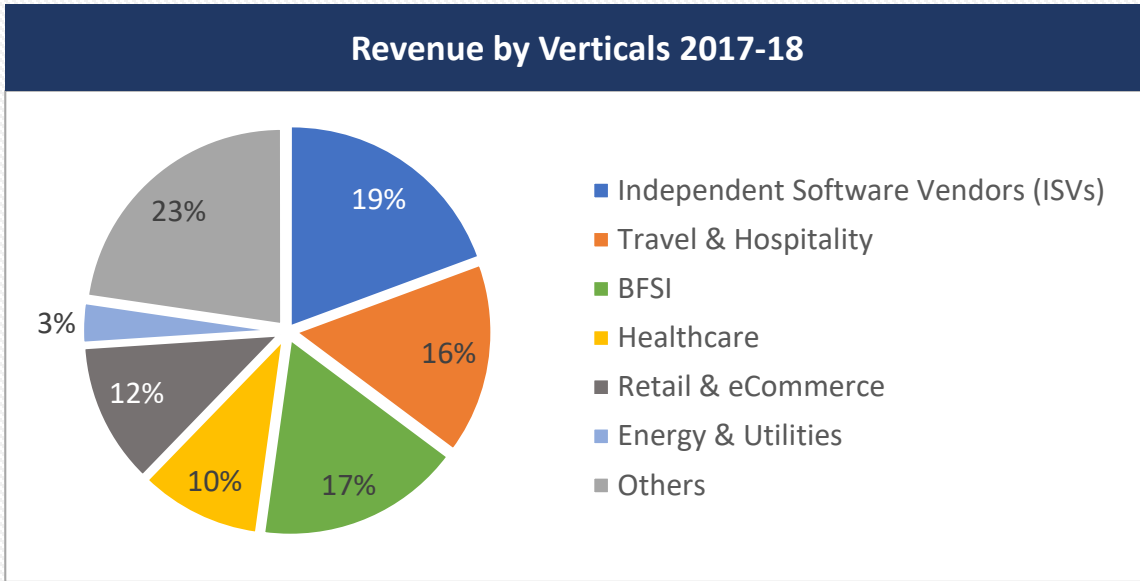
- Mr. Shyam heads Global HR function for Cigniti. HR Professional with over 18 years of experience in Global and Indian organizations
- Previous experience: Honeywell, SSI Technologies, BPL Engineering



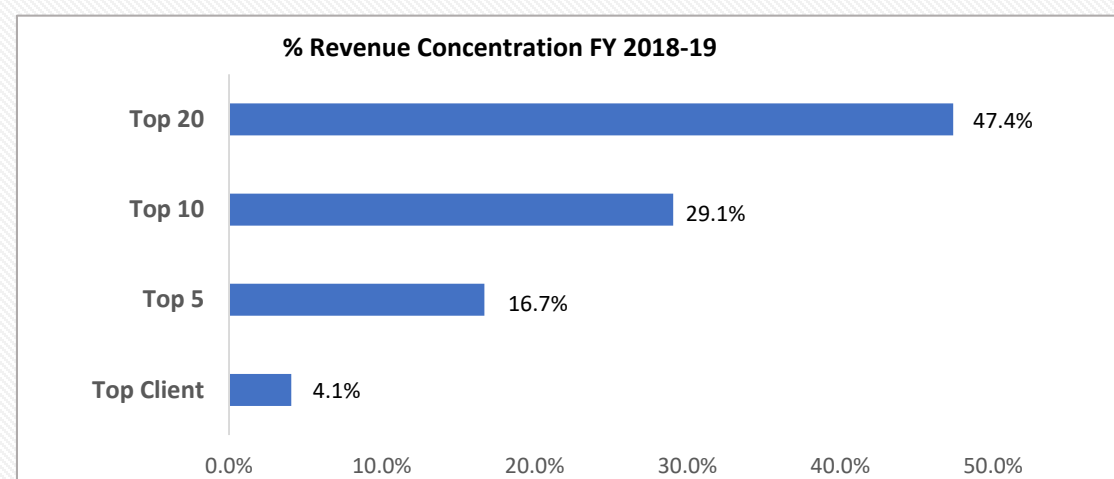
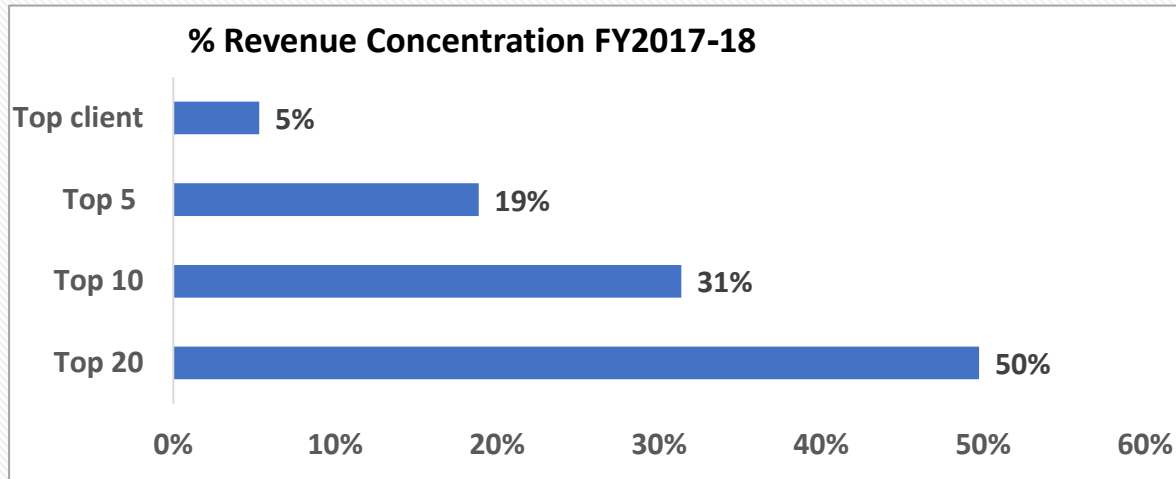
**Subhendu Pattnaik, AVP – Marketing & IST**

- 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

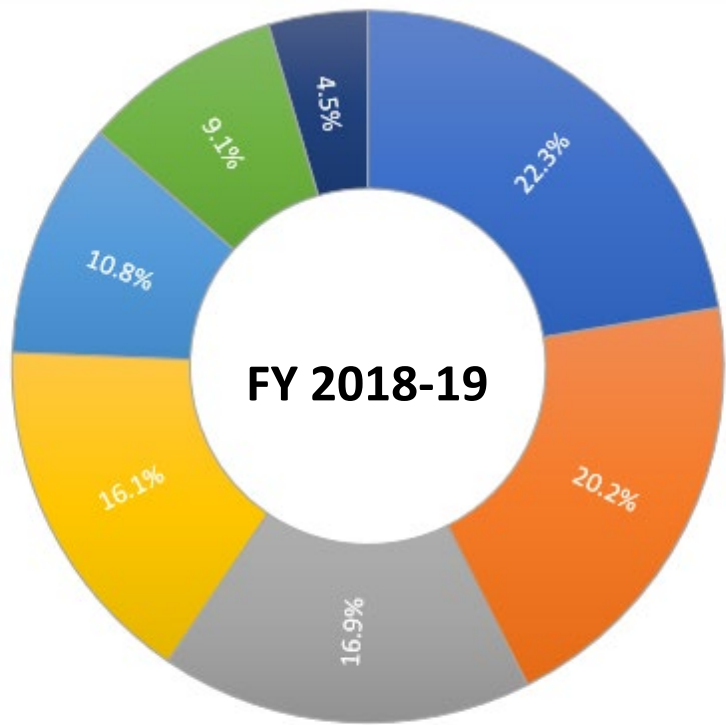




# Marquee Clients Across Industry Verticals

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

Diversified revenue profile across industry verticals...



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

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 Q3FY19

(in Millions)	Q4FY19	Q3FY19	Q4FY18	Q-o-Q	Y-o-Y
<u>Income</u>					
Revenue from operations	2,064	2,100	1,786	(2%)	16%
Revenue from operations (\$M)	29.56	29.39			
<u>Expenses</u>					
Employee benefit expense	1,216	1,189	1,140	2%	7%
Other expenses	560	524	434	7%	29%
<b>EBITDA</b>	<b>288</b>	<b>387</b>	<b>213</b>	<b>(26%)</b>	<b>35%</b>
<b>% EBITDA</b>	<b>14.0%</b>	<b>18.4%</b>	<b>11.9%</b>		
Depreciation & Amort	8	9	7	(6%)	30%
<b>EBIT</b>	<b>280</b>	<b>378</b>	<b>206</b>	<b>(26%)</b>	<b>36%</b>
Other Income(Expense)	13	(30)	29		
Finance costs	45	27	40	65%	12%
<b>PBT (before exceptional items)</b>	<b>248</b>	<b>321</b>	<b>195</b>	<b>(23%)</b>	<b>27%</b>
Exceptional items	-	-	-		
<b>PBT</b>	<b>248</b>	<b>321</b>	<b>195</b>	<b>(23%)</b>	<b>27%</b>
Tax	(51)	33	(3)		
<b>PAT</b>	<b>299</b>	<b>288</b>	<b>198</b>	<b>4%</b>	<b>51%</b>
<b>EPS (Basic)</b>	<b>10.82</b>	<b>10.47</b>	<b>7.33</b>		

All values are in INR Million

# Cigniti's Income statement

	FY16	FY17	FY18	FY19
<u>Income</u>				
Revenue from operations	5,948	6,193	6,933	8,161
Revenue from operations (\$M)	90	94	108	117
<u>Expenses</u>				
Employee benefit expense	3,937	4,513	4,701	4,754
Other expenses	1,032	1,900	1,715	2,080
<b>EBITDA</b>	<b>979</b>	<b>-221</b>	<b>517</b>	<b>1,327</b>
<b>% EBITDA</b>	<b>16.5%</b>	<b>-3.6%</b>	<b>7.5%</b>	<b>16.2%</b>
Depreciation & Amort	113	170	27	31
<b>EBIT</b>	<b>867</b>	<b>-390</b>	<b>490</b>	<b>1,296</b>
Other Income	33	3	9	272
Finance costs	60	161	170	146
<b>PBT (before exceptional items)</b>	<b>840</b>	<b>-548</b>	<b>320</b>	<b>1,422</b>
Exceptional items	-	-3,321	-	-
<b>PBT</b>	<b>840</b>	<b>-3,869</b>	<b>329</b>	<b>1,422</b>
Tax	344	79	8	(52)
<b>PAT</b>	<b>497</b>	<b>-3,948</b>	<b>322</b>	<b>1,474</b>
<b>EPS (Basic)</b>	<b>19.9</b>	<b>-151.1</b>	<b>12.1</b>	<b>53.6</b>

All values are in INR Million

	2016	2017	2018	2019
Property Plant & equipment	285	88	69	136
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	-
<b>Sub total</b>	<b>3,357</b>	<b>739</b>	<b>667</b>	<b>727</b>
<b>Current assets</b>				
Financial assets				
Loans	5	170	178	10
Trade receivables	1,115	1,035	1,147	1,237
Cash and cash equivalent	40	158	179	615
Other Bank balances	2	4	4	1
Other current financials assets	2	1	121	313
Current tax assets net	19	14	3	45
Other current assets	1,624	159	82	127
<b>Sub total</b>	<b>2,806</b>	<b>1,540</b>	<b>1,714</b>	<b>2,348</b>
<b>Total</b>	<b>6,163</b>	<b>2,279</b>	<b>2,380</b>	<b>3,075</b>

All values are in INR Million

	2016	2017	2018	2019
<b>Equity &amp; Liabilities</b>				
Equity share capital	255	265	272	277
Other equity	3,126	-673	-204	1,231
<b>Sub total</b>	<b>3,381</b>	<b>-408</b>	<b>69</b>	<b>1,507</b>
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	-	204	148	-
Long term provisions	28	52	65	75
Deferred tax liability	24	-	-	-
<b>Sub total</b>	<b>52</b>	<b>256</b>	<b>213</b>	<b>75</b>
<b>Current liabilities</b>				
Financial liabilities				
Short term borrowings	1,184	1,188	1,110	737
Trade payables	992	523	542	562
Other current financial liabilities	-	62	65	22
Short term provisions	12	15	18	29
Current tax liability, net	364	291	162	11
Other current liabilities	178	351	201	132
<b>Subtotal</b>	<b>2,731</b>	<b>2,431</b>	<b>2,099</b>	<b>1,493</b>
<b>Total</b>	<b>6,163</b>	<b>2,279</b>	<b>2,380</b>	<b>3,075</b>

# EBITDA & EPS Analysis

Particulars	INR Crores				
	Q1	Q2	Q3	Q4	FY 2018-19
<b>EBITDA (Reported)</b>	<b>28.19</b>	<b>37.14</b>	<b>38.70</b>	<b>28.82</b>	<b>132.84</b>
<i>In %</i>	<i>14.5%</i>	<i>18.1%</i>	<i>18.4%</i>	<i>14.0%</i>	<i>16.3%</i>
Add: Non-Recurring Expense	1.88	-	-	-	1.88
<b>Actual EBITDA</b>	<b>30.07</b>	<b>37.14</b>	<b>38.70</b>	<b>28.82</b>	<b>134.73</b>
<i>In %</i>	<i>15.4%</i>	<i>18.1%</i>	<i>18.4%</i>	<i>14.0%</i>	<i>16.5%</i>
Add: ESOP Expense	1.53	1.77	1.68	0.87	5.85
<b>Cash EBITDA</b>	<b>31.60</b>	<b>38.92</b>	<b>40.37</b>	<b>29.69</b>	<b>140.58</b>
<i>In %</i>	<i>16.2%</i>	<i>19.0%</i>	<i>19.2%</i>	<i>14.4%</i>	<i>17.2%</i>

Particulars	INR Crores				
	Q1	Q2	Q3	Q4	Total
<b>PAT (Reported)</b>	<b>39.15</b>	<b>49.53</b>	<b>28.79</b>	<b>29.88</b>	<b>147.36</b>
<i>In %</i>	<i>20.1%</i>	<i>24.2%</i>	<i>13.7%</i>	<i>14.5%</i>	<i>16.2%</i>
Less: Export Incentives	-	16.46	2.63	2.69	21.79
Less(Add): Exchnage Gain (Loss)	5.67	6.84	(5.87)	(2.14)	4.50
Less: US Tax Reversal/Refund net	13.62	-	-	-	13.62
<b>Normalised PAT</b>	<b>19.87</b>	<b>26.22</b>	<b>32.03</b>	<b>29.33</b>	<b>107.45</b>
<b>Normalised PAT %</b>	<b>10.2%</b>	<b>12.8%</b>	<b>15.3%</b>	<b>14.2%</b>	<b>13.2%</b>
	<i>Adjusted EPS</i>				<i>39.10</i>
	<i>Reported EPS</i>				<i>53.62</i>



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#### India

##### Hyderabad

Cigniti Technologies Ltd.  
6th Floor, ORION Block, "The V" (Ascendas)  
Plot #17 Software Units Layout  
Madhapur, Hyderabad-500081

#### US

Cigniti Technologies Inc.  
433 E Las Colinas Blvd,  
Suite 1300,  
Irving, TX 75039

#### US

630 Freedom Business Center, 3rd  
Floor, King of Prussia, PA 19406

#### UK

Cigniti Technologies (UK) Limited  
1 Fore Street  
London EC2Y 9DT

#### Australia

Cigniti Technologies (Australia) Pty  
Ltd  
Level 9, 401 Collins Street  
VIC 3000 Australia

#### South Africa

Cigniti Technologies Ltd.  
Ballyclare Place, 14 Ballyclare  
Drive, Bryanston 2021

#### Canada

Cigniti Technologies Canada Inc  
Williamson – Dickie Canada Co.,  
Manulife Corp. Park,  
6711 Mississauga Road,  
Ontario.

#### UAE

Cigniti Technologies Ltd.  
2W 403b  
PO Box – 54756  
Dubai Airport Freezone  
Dubai, United Arab Emirates