

NIIT Technologies Limited

CHAIRMAN'S SPEECH

Dear Shareholders,

It gives me great pleasure to welcome you to the 21st Annual General Meeting of your Company.

Business performance

In FY2012-13 NIIT Technologies recorded an extremely positive performance, maintaining an above industry-average growth of 28 percent. Consistent with the growth rate of the previous year Operating profits grew by 22.8 percent to touch Rs. 3,295 million in FY 13, net profits increased by 8.1 percent, reaching Rs. 2,132 million. The Company crossed a very important milestone of revenues crossing Rs. 2000 crore with the current revenues for the financial year 2013 standing at Rs. 2,021 crores.

Consistent growth witnessed by your Company has been a result of the sharp focus that the Company has maintained within select verticals thereby building strong differentiation to address target markets. This enabled it to log in sequential growth through each quarter of the year despite a turbulent global economic environment. 38 percent of its revenues were derived from the US market, 39 percent from Europe and the Middle East and 23 percent from Asia Pacific and India. Travel and Transport showed maximum traction with 38% growth and contributed to 40% of total revenues. Other segments of focus like BFSI, Manufacturing & Government contributed to 32%, 7%, and 8% of the revenue mix respectively.

The Company's balanced revenue mix from different geographies mitigated the risks associated with geography specific economic impact in the environment resulting in yet another year of strong growth.

Exceptional Value

The strong growth momentum registered last year was a result of the exceptional value that your Company delivered to its clients, a fact demonstrated by the increase in realisation from its premier customers. Revenues from NIIT Tech's top five clients expanded by 37 percent during FY 13, with these companies accounting for over 32 percent of our overall turnover.

Exceptional value is a result of enhanced business value which our customers have been experiencing and not just cost arbitrage. On time deliveries and smooth cut over of mega programs have also resulted in delivering value. Further, your Company has been leading the industry in creating innovative outcome based models of engagement and leading our customers to adopt emerging (SMAC) technologies.

Among the many successful projects two prestigious projects within the Travel, Transportation and Logistics (TTL) space include—one for Virgin Australia, where it merged two passenger services systems, migrating them to one platform, and the other with Cathay Cargo Services in Hong Kong, where it had another significant cutover. The smooth cutover of the application in Hong Kong, for one of the busiest cargo terminals in the world, enabled your Company to add to its experience and improve its credibility and credentials within the TTL domain.

Value creation is derived from our deep industry knowledge and knowledge of industry specific technology platforms, investments in intellectual property and eco system of partners systematically built to deliver value.

During FY2013, NIIT Technologies continued to win new business and add new names to its client list even as it successfully increased its business with existing customers. The total number of new clients added during the year under review stood at 17; these included several multi-million dollar and multi-year deals in both international and domestic markets, including incremental business from Morris, and additional business from SITA.

In the domestic market the Company bagged prestigious Government projects including one from the government of Andhra Pradesh for modernising its Public Finance Systems and streamlining its processes. As part of this implementation, your Company will deliver for the first time in India, a Public Budget Formulation module of SAP. Another significant project was for the implementation of an Auction System for the India Tobacco Board.

Last year, your Company also acquired a new centre in Philippines, from its client Sabre International Philippines Management, Inc. which has helped increase our geographical footprint.

With these substantial projects, your Company's order book executable over the next 12 months now stands at USD 252 million.

Strong HR Practices

Your Company added 796 people during the year taking the total head count to 8,158. Talent was added at all levels, at the entry, mid and the top. Vital resources, in the form of technical specialists, domain experts and industry practitioners were added to your Company's turf.

You will be happy to learn that your Company's attrition rate remained among the lowest in the industry at 12.21%, owing to its strong HR policies and practices that placed NIITians at the centre of the organisation. It is this people-focused environment that enabled NIIT Tech to build a very highly motivated team, which was able to deliver the high growth seen in the last year.

NIIT Technologies' investment in its people was recognised by leading industry organisations across the globe. Your Company was ranked Number 1 across all industries globally by American Society for Training and Development (ASTD) for its BEST Awards. We were also ranked Number 3 in the 'Best companies in Career Growth' category by the Great Place to Work® survey. Your Company also achieved a Number 6 ranking in DQCMR's 'Best IT Employers Survey 2012', an industry-wide employee satisfaction study. Three recognitions came the way of your Company at Asia's Best Employer Brand Awards 2012 where we won an Award for Excellence in HR through Technology; an Award for Excellence in Training and the HR Leadership Award.

Future outlook

It gives me great pleasure to inform you that your Company has already started the new financial year with a major win in the form of multi-year service contract with the Airports Authority of India (AAI) for implementing of the airport operations control centres across 10 airports.

In the year ahead, the company will continue to remain sharply focused on chosen verticals and grow in a balanced manner across geographies to avoid risk. As a result of changing client expectations the Company has embarked on a major culture change program which focusses on aligning the workforce to create New Ideas and deliver More Value.

The environment continues to be turbulent, however there are signs of recovery in the US, and while the Eurozone continues to exhibit weakness we can expect revenues from Asia to offset the weakness.

As I close my message, I would just like to add your Company is looking forward to an exciting and extremely positive FY'14. You are likely to see your Company make a strong bid in both traditional as well as emerging markets, equipped with a product and services portfolio that is pointedly focused and future-ready.

I would like to thank each one of you for being our mainstay during the challenging times and enabling us to build a strong success story despite adversity. Now join me as we journey into the future, a future where you can expect will see your Company deliver enhanced benefits to its entire ecosystem of shareholders—customers, investors, employees and partners.

Rajendra S. Pawar
Chairman, NIIT Technologies Ltd.

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