

## CHAIRMAN'S SPEECH

### **Dear Shareholders,**

It gives me great pleasure to welcome you to the 23<sup>rd</sup> Annual General Meeting of your Company.

FY 2015 has been a year with many challenges as the Company addressed changing expectations of the market. After an initial set-back in the first quarter, the company reported steady improvement in both revenues and operating margins and closed the last quarter of the year with strong growth. The Company evolved robust plans for the emerging Digital Services space during the year and the new financial year saw it make strategic investments to acquire capabilities in Digital Integration.

### **Business Performance**

Consolidated revenues for FY'15 grew by 2.9 percent to reach INR 23,725 million. Your Company made good progress in key areas of focus which was the agenda for the year. These included growing our footprint in the US geography, strengthening and scaling our presence in the Infrastructure Management Services, and further expanding our Travel and Transportation business. Your Company delivered on all these fronts.

During the year revenue share from the US increased to 44 percent of our overall revenues from 42 percent last year. Infrastructure Management Services saw broad-based growth across all geographies accounting for 17 percent of revenue share for the year as compared to 13 percent last year. Travel and Transportation business increased its share to 40 percent of overall revenues from 37 percent last year.

Revenues from international geographies grew but overall growth during the year remained muted owing to our reduced focus on the domestic government business which declined by 38 percent in the last fiscal. Government programs have been particularly challenging on account of changing requirements, difficulties in getting sign offs, delayed payments and low margins and your Company has taken a conscious call to focus on international markets where program execution is mature.

Your Company's net profits for the year at INR 1141 million represented a decline of 50.5 percent. This was primarily on account of exceptional expenses which were booked in Q4.

## **Growth in key verticals**

Expansion in the US came due to growth in BFSI with new logos in Insurance scaling rapidly. Further boost in the Insurance vertical came due to healthy growth notched up by our subsidiary, NIIT Insurance Technologies Ltd, a platform-based Services Company.

Your Company executed many transformational engagements in the Travel and Transportation vertical. As part of the first phase of airport modernization, your Company completed the implementation of AOCCs (Airports Operations Control Centers) across 10 airports in India. The project is a key initiative undertaken by the Airports Authority of India to improve capacity utilization, passenger throughput, and key stakeholder management for improved service.

Your Company completed the transition of the project for a major airline in Asia Pacific region to a dual-shore managed services model, and the steady state of support and maintenance is operating as desired. The engagement included service transition for over 300 applications across all business domains of the airline.

## **Digital Services**

Our customers' customers are demanding a superior experience and hence the need for Digital Solutions which embrace emerging technologies. This trend is impacting our industry in a significant manner and we are now seeing the nature of demand from our customers shifting to Digital Services.

During FY 2015, the Company clearly articulated the offerings in the Digital Services Space. Accordingly, we launched products around the Digital experience which encompassed multi-channel offerings and mobility solutions. We continued to serve many of our clients on the Cloud. In the analytics segment, we improved the penetration of our Digital Foresight offering, especially among US customers, and continued to leverage our own platforms to provide Analytics solutions to organizations.

Your Company identified Digital Integration as a major opportunity within Digital Services where we needed to create strong capabilities; as a result we acquired a 51 percent strategic stake in a specialist BPM services provider, Incessant Technologies, to acquire these capabilities.

With this integration we will build capabilities in Digital Legacy Integration, end-to-end Digitization of processes, and Intelligent Business Process Management Services.

### **Industry recognitions**

Your Company won several awards and industry recognitions that improved its market visibility, credibility and standing in the IT Industry.

NIIT Technologies was listed in the “Breakthrough 10 Sourcing Standouts” in the Americas by the Information Services Group in its Q3 2014 Global Outsourcing Index. Your Company found a place in Computerworld's ‘100 Best Places to Work in IT for 2015’ listing and was conferred with the Golden Globe Tigers award for Excellence and leadership in training and development for best results-based training. We were recognized as a leader by the International Association of Outsourcing Professionals in the 2015 list of The Global Outsourcing 100® and The World's Best Outsourcing Advisors in the Leader size category.

### **Future Outlook**

With the foundations of a recovery now in place particularly in the US, we expect healthier demand conditions, which will suit specialized IT players like us in the segments that we are focused on.

We have already made a strong beginning to the new financial year, as reflected in the Company’s operating performance during the first quarter of FY’16 where the strong revenue growth of 4.9% over the preceding quarter was driven by international revenues that grew at an even faster rate of 8.9% quarter-on-quarter.

We will continue our focus on the key identified areas and build our Digital Services portfolio, to deliver sustained levels of growth in FY’16.

I would like to thank you for your continued support and encouragement, as we gear-up for a more successful year in the year 2015-16.

**Rajendra S. Pawar**

**Chairman, NIIT Technologies Ltd.**

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