

NIIT Technologies Ltd.

Chairman's speech at the 27th Annual General Meeting on September 21, 2019

Dear shareowners, ladies and gentlemen:

Welcome, and thank you for joining us here today. It is my pleasure to engage with you for the first time as the Chairman of the Company at its 27th Annual General Meeting (AGM). I am honoured by the confidence reposed in me by you and the Board.

If you have had the opportunity to go over the Annual Report, including the Audited Financial Statements for the financial year ended March 31, 2019, you may have noticed that FY2019 has been one of the most successful years ever for the Company, with material improvements across all key operating parameters. Not only did the Company register a clear acceleration in revenue growth, but also a concurrent expansion in its operating margins. This ability to deliver on both fronts – growth and profitability – is commendable.

FY2019 has been a landmark year for the Company for one more reason: the sale of the holdings of the erstwhile promoter entities in the Company to funds affiliated with Baring Private Equity Asia. The involvement of Baring Private Equity Asia will further support our management team in steering the Company into its next phase of growth.

Business Performance

During FY2019, the Company's consolidated revenues grew 22.9% to Rs 36,762 million. EBITDA for the financial year increased 28.7% to Rs 6,452 million and EBITDA margin expanded from 16.8% to 17.6%. Profit after taxes (PAT) for FY2019 grew by 43.9% to Rs 4,033 million.

The company's growth has been broad-based, across focus industry verticals and geographies. The Insurance vertical recorded a growth of 36% and contributed 29% of overall revenues, the Travel & Transport vertical grew 20% and contributed 27% to overall revenues and the BFS vertical was up 18% and contributed 16% to overall revenues during FY2019. From a geography perspective, Americas grew 22% while contributing 49% to overall revenues and EMEA grew 32% while accounting for 33% of total revenues during the year. Contribution from the domestic market was only 8% of overall FY2019 consolidated revenues.

More significantly, revenues from Digital Services grew 43% during FY2019, contributing 29% to overall revenues.

Such robust and broad-based growth performance reflects the Company's ability to secure several large deals, add many new customers, and mine existing client accounts.

Transform at the Intersect

The growth witnessed during the year was driven by the Company's strategy to "Transform at the Intersect", which entails transforming client businesses in our chosen verticals of focus at the intersect of domain and emerging technologies. As part of this strategy, the Company has strengthened its leadership team and reinforced its capabilities by inducting multiple new leaders from Tier-1 players in the industry. The Company has also made significant investments in capability development and has had considerable success in creating transformation through core Digital services, Automation, Cloudification/API-fication, Data Services, and Cognitive technologies. The Company has also been building up capabilities in the areas of Blockchain, IoT, and DevOps, while leveraging advanced technologies like Robotics, Artificial Intelligence and Machine Learning to deliver 'Smart IT' solutions. In order to keep pace with emerging technologies, the Company has been investing in re-skilling its employees and forming strategic partnerships and alliances as well.

Well-considered inorganic initiatives are an integral part of the Company's growth strategy. Accordingly, NIIT Technologies recently made a strategic investment in WHISHWORKS IT Consulting, a fast-growing and profitable MuleSoft specialist, which will strengthen the Company's Digital capabilities and complement its existing competencies. The Company has also underlined its focus on core verticals, technologies, and global markets by divesting its entire 88.99% stake in ESRI India Technologies Ltd (which formed the Company's GIS business).

Looking Ahead

During FY2019, the Company secured fresh orders worth \$646 million (up from \$507 million in FY2018) and added a total of 40 new clients (compared to 31 new clients added in the preceding year and 15 new clients added in the year before that). The order book executable over next 12 months stood at US\$ 390 million as on March 31, 2019, representing a year-on-year increase of 15%. The fundamentals of the business are strong and we continue to plan for robust, predictable and profitable growth in the future.

Conclusion

In closing, I would like to thank the Board, management team, and all the employees for their contribution in delivering a strong operating and financial performance during FY2019. I am impressed by the organization's inherent strengths and willingness to embrace the changes needed for a successful future and am confident that the Company is well placed to meet the evolving expectations of its global clientele. I would like to thank all our stakeholders, including our clients, partners, vendors, and shareholders for their support in the past and am hopeful that this will continue going forward.

Basab Pradhan
Chairman, NIIT Technologies Ltd.