

TRANSCRIPT: NIIT Technologies Ltd Q3 FY2019 Results Conference Call

18th January 2019, 4.00pm IST

FROM NIIT TECH:

MR. RAJENDRA S. PAWAR, CHAIRMAN

MR. ARVIND THAKUR, VICE CHAIRMAN & MD

Mr. Sudhir Singh, Chief Executive Officer (CEO)

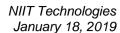
MR. SANJAY MAL, CFO

 $\mbox{Mr.}$ Abhinandan Singh, $\mbox{Head}-\mbox{Investor}$ Relations and $\mbox{M\&A}$

Note:

- 1. This is a transcription and may contain transcription errors. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy.
- 2. Any of the statements made herein may be construed as opinions only and as of the date. We expressly disclaim any obligation or undertaking to release any update or revision to any of the views contained herein to reflect any changes in our expectations with regard to any change in events, conditions or circumstances on which any of these opinions might have been based upon.

(1 crore = 10 million)





Moderator:

Ladies and gentlemen, good day and welcome to the NIIT Technologies Q3 FY2019 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhinandan Singh, Head - Investor Relations and M&A, NIIT Technologies. Thank you and over to you, sir.

Abhinandan Singh:

Good afternoon and welcome everyone to our Q3 FY2019 earnings conference call. You would have already have received our emails with the results. The same is also available at our website www.niit-tech.com. Present along with me today on this call are Mr. Rajendra S. Pawar, our Chairman; Mr. Arvind Thakur, our Vice Chairman & Managing Director; Mr. Sudhir Singh, our CEO; and Mr. Sanjay Mal, our CFO. As usual we will begin today's forum with opening remarks by our CEO Mr. Sudhir Singh and after that, the floor will be open for your questions. With that, I would now like to hand over the floor to Sudhir.

Sudhir Singh:

Thank you, Abhinandan and a very good evening and a very good morning to all of you folks. And the outset, I just need to let you know that I have a bad throat infection today. So if in the course of this conversation I struggle to get words across, I will hand the mic over to our Vice Chairman and MD Mr. Thakur. So, with that preamble let us roll on.

We are very pleased to share that revenues have expanded 7.1% quarter-on-quarter and they have grown 28.5% over the same quarter last year to Rs. 9,717 million. Sequential quarter-on-quarter growth in constant currency is 4.2%. We are equally pleased to report that operating profit stand at Rs. 1,805 million for the quarter, representing a sequential growth of 10.4% and an improvement of 39.4% over the same quarter last year. These robust growth numbers in both revenue and profits come in what is regarded as a seasonally weak quarter. They have also been realized in a quarter where the preceding quarter in turn had shown a sequential revenue growth of 10%. This is now the sixth consecutive quarter of sustained growth across the business accompanied by an improvement in almost all operating metrics. We see this as continued validation of our efforts to build a best in class operating model, based on robust, predictable and sustainable growth.

I will move on to revenue analysis now. The revenue growth continues to be broad-based and sustained. Insurance grew 9.8% quarter-on-quarter contributing to 29.6% of the revenue. Travel and Transport were up 5.4% quarter-on-quarter contributing to 26.5% of revenue. BFS expanded 1.7% quarter-on-quarter contributing to 15.4% of revenue. other segments collectively expanded 8.9% quarter-on-quarter and now represent 28.5% of overall revenues. The geo-based growth cuts also show sustained growth. Americas, which contributes to 49% of our global revenues, grew by 5.9%. This growth in the Americas came on the back of growth in the travel and insurance verticals. EMEA revenues expanded 4.7% sequentially and



they now represent 33% of the revenue mix. The expansion in revenues in EMEA was on account of growth in travel, insurance, digital, new generation infrastructure services including cloud services. Furthermore APAC, contributes 9% to the firm's total revenue. India contributed 9% to the firm's total revenue and expanded by 26.6% on the back of improved GIS business. The top 5 clients now contribute 28% of the total revenue and the top 10 and the top 20 contribute 40% and 54% of the total revenue respectively. Broad-based growth is further supported by the number of \$1mn+ clients which has expanded to 90 this quarter from 88 last quarter. This number compares to 78 in Q3 of last year.

Let us roll on to margin analysis. Operating margin has increased by 56 basis points quarter-on-quarter to 18.6% for the quarter. Constant currency margins improved quarter-on-quarter by 30 basis points. Operating margins have increased by 145 basis points over the same period last year. This material and sustainable jump in margins was driven by growth across almost all verticals, continued and intense focus on operations and SG&A cost containment. The comprehensive automation and productivity improvement framework and toolset rollout across our delivery factory continues to be guided by our newly constituted Delivery Council. We continue to drive AI-based and tool-based automation and monitoring frameworks across our delivery factory.

Net profits for the quarter are INR 1,002 million up 32.6% year-on-year and down 10.3% quarter-on-quarter on account of lower other income and increased effective tax rate. Effective tax rate during the quarter went up by 6% over the previous quarter due to tax on dividends from foreign subsidiary. It stood at 29.7% as against 23.7% in the previous quarter. Excluding this onetime tax, ETR stood at 24.2%.

Order intake: The pipeline continues to improve and this has been the 7th consecutive quarter of increase in order intake numbers. We secured fresh business of \$165 million US during the quarter. Out of this \$165 million order intake during this quarter, \$96 million US came from the US, \$42 million US came from EMEA and \$27 million US came from ROW, rest of the world.

The trend line of order intake starting from Q1 of last year for 7 successive quarters now reached as 110 million followed by 122 million, 130 million, 145 million, 151 million, 160 million and now 165 million respectively. 10 new customers were added during the quarter, 8 in the USA and 2 in rest of the world. You will notice that over the last 4 quarters we have doubled the rate of new logo acquisition per quarter. The company recorded two \$20Mn+ large deals. The first one was a mandate from a recently acquired client to create an on-demand cloud based operating environment and platform rollout for a specialty Insurance firm. The other one came from our largest BFS customer for creating an offshore factory to drive enhancements and rollouts of their core securities processing platform. In line with the trend over the last 7 quarters order book executable over the next 12 months continues to expand and it now stands at US\$375 million.

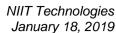


Quick comments on delivery. Our delivery factory and the relatively newer Transformation/Consulting team continues to incubate capabilities at the intersection of our three focus industry verticals and emerging technologies. Our success in the market continues to be shaped by leading with domain consultants, tech architects and SME pools who showcase real-life impact based on PoCs and demos across the industry sub-segments we focus on. Illustratively, in this quarter we completed the rollout of an end-to-end airport cargo operations handling product across 9 airports, initiated the process construction and technical architecture redesign for a DCOD implementation, infused AI based automation in the infra stack of a leading European train service and conducted a full scale workshop to incubate an asset transfer utility for the Capital Markets industry. In addition, we helped an Insurance major complete the migration of 5 different Data Centers to the cloud and delivered cloud based orchestration using the kubernetes framework for an Insurance client. The very significant investments we have made in creating a domain consulting/transformation engine in the past few quarters and our attempts to align them with our Digital capabilities to drive impact is now bearing fruit an accelerating pace.

Rolling on to people metrics now. Total headcount at the end of the quarter was 10,144. There was an increase in headcount by 119 during the quarter. Utilization during the quarter stood at 79%. Attrition stood at 11.7% and it continues to be one of the lowest across the industry. In the past few quarters we have shared details of the focused lateral Tier-1 leadership hiring that we have done. As noted earlier these leaders have settled in well and taken effective control of their portfolios. In the recent quarter, we added a Digital Head for North America who comes in with two and a half decades of experience of the US Market and a Travel Head for the Europe Business who joined us from Cap Gemini. Earlier this week we had Vamsi Krishna, who was a Managing Director at Accenture, join us as the EVP and Head of our Infrastructure Management Services Business.

Moving on to balance sheet metrics now. Cash and bank balances stood at Rs. 8,260 million, an increase of INR 704 million over the previous quarter and an increase of INR 1,354 million over the previous year. Capex spent during the quarter was INR 130 million. Debtors at the end of the quarter stood at 69 days of sales outstanding. Last quarter this number was 73 days. Quick commentary on the hedge position. Outstanding hedges in USD are 66.11 million at an average rate of Rs. 71.56 to the US Dollar. In Pounds we have 13.05 million outstanding at Rs. 96.13 to the Pound and in Euro it is 4.5 million at Rs. 86.19 to the Euro.

Finally, the Outlook. Last quarter, we had indicated that we would continue to expand our revenues on a Q-on-Q basis. As noted, we have delivered a strong Q-o-Q performance with our business clocking robust growth and improvement across all operating parameters yet again. As we look forward at Q4, we expect growth to continue and margins to be maintained given our strong deal pipeline. As we had noted last quarter, our confidence in our plans is borne out of multiple factors. They include the sustained deal flow, the impact that the Transformation engine is creating, the number of large deals in the hopper, the broad based





Moderator:

nature of growth across our portfolio businesses, the growth that both the Hunting and Mining engines are creating and the traction that our newer capability vectors like Cloud, Core Digital, PSV revenues, Data services and Cognitive offerings are recording. At the beginning of the current fiscal year we had shared plans to grow at least double digit in constant currency organic terms. Against those plans you will notice from these Q3 results that we now stand at 17.8% revenue growth in constant currency organic terms. In reported terms we stand at 23% revenue growth YTD. Our Operating margins have continued to climb and are now at 18.6%. All this has been accompanied by the seventh consecutive quarter of order intake and order executable increase, continued ramp up of the Digital business, decrease in DSO and one of the lowest levels of attrition across the industry.

With these opening remarks, I look forward to addressing your questions. Thank you very much.

Thank you very much. We will now begin the question and answer session. We have the first

question from the line of Sandeep Shah from CGS CIMB. Please go ahead.

Sandeep Shah: Question is in terms of the export revenues, Sudhir. So, I think very good execution overall but

if I just look at the BFS and the insurance revenue, in dollar terms there is a bit of a tepid growth. Is it more to do with furloughs and that is why the export growth to some extent has been tapered in this quarter as well as the high growth base or you believe the growth is slower

than your expectation while entering the quarter?

than your expectation while entering the quarter.

Sudhir Singh: The BFS number of 1.7% growth came on the back of two very strong quarters. The previous

quarters were 6.2% and 8.8% sequential growth. This is a quarter with lesser number of working days and we expect based on the pipeline that we see in BFS and the large deal

velocity that the outlook for the BFS business will continue to stay robust.

Sandeep Shah: And even for the travel & transportation we remain positive?

Sudhir Singh: Absolutely Sandeep and if you look at our numbers now, last 3 quarters sequential growth for

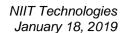
travel has been 7.7%, 9.2%, 5.4%, a very interesting aside that I might add here is that we have signed one of the largest airlines in the world as outlined in quarter 3; that is one of the 10 new

logos that I talked about.

Sandeep Shah: Just in terms of the macro issues, I think 18% to 20% of the revenue if I am not wrong coming

out of UK with Brexit being an overhang for the sector. Is there any interaction where you believe it is time to be slightly cautious where negative surprises could be there in terms of unknown factors? Also, you can comment about any interaction with the US based client

related to the macro concerns and the GDP slowdown?





Sudhir Singh:

So, the only macro factor that we are monitoring very closely at this point in time is an environmental factor, which is the immigration regime and the changes therein, Sandeep. If you look at the first aspect what you talked about which was the Brexit implication in our business in Europe, in Europe and in the UK market most of what we do is in the insurance space and in the travel space and we do not see technology spends going down as a consequence of a hard or a soft landing on the Brexit front. So, we feel reasonably confident that the demand environment and the pricing context will not degrade in Europe. In the US, we have for many quarters now, been building in extra costs given the work visa regime which has turned more restrictive. We will continue to build that in and as you would have notice despite building those cost in and having factored them in, our margins continue to improve.

Sandeep Shah:

Mr. Pawar, as you are there on the call, would you like to comment anything about the media reports, what do you say about this, because this may have some impact in terms of employees as well as in terms of our client interactions? Any comments would be really appreciated here?

R S Pawar:

Yes, I think we are also hearing the same news that you are hearing and basically, we have no comments. We do not make comments on such matters, there is nothing to comment.

Moderator:

Thank you. The next question is from the line of Ravi Menon from Elara Securities. Please go ahead.

Ravi Menon:

Sir, I just saying that your headcounts not changed much and utilization is actually I think down slightly sequentially. So, there was a significant realization improvement. So, is this due to multiple contracts coming to billing from transition or any other factors that you want to call out?

Sudhir Singh:

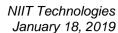
This was, and Ravi you know this, this was a shorter quarter for us. There was always a furlough impact that is in the utilization numbers that you see having come down to 79% from 80% was a direct consequence of that. We feel very comfortable operating at the 80% utilization level and we believe that we will continue to operate at that level in quarters to come. Our headcount you would have seen has actually been on a clear climb over the last 4 quarters. In the last 4 quarters we have collectively added close to a 1,000 people which is a very significant addition for roughly a 10,000-people organization. So, this being a shorter quarter is why you notice some of those blips and as I had said right at the outset attrition numbers where it stand today are still happen to be best in class across the industry.

Ravi Menon:

So, I am just saying that the realization improvement that seems to be sustainable? Like, can we say that?

Sudhir Singh:

The utilization numbers that you are looking at, is something that we think is realistic, is something that it is really sustainable.





Ravi Menon:

And secondly on Insurance, your biggest vertical that continues to be the fastest growing. Very strong traction there and this seems to be coming outside your top 10 clients, any new service cross-sell or other factors helping this traction?

Sudhir Singh:

Yes, absolutely Ravi. Part of the story that is playing out in insurance is the same story that is playing out in the other two verticals which is the new transformation engine that we have created in the market. And the large deal funnel that we have seen and even below the large deals, smaller but material deals that we see coming in from our top 10 enterprise clients and insurance; even the top 10 insurance clients have increased. So, that has been one factor that has driven growth. The second factor that has driven growth for us has been the fact that we have for quite a few quarters now been investing very consciously in improving our capabilities across a few core insurance platforms. In those platforms with those product players, we have now been awarded higher status, partnership status and that is also filtering into more deals opening up for us. So, those two are the big reasons that are actually driving growth on the Insurance level.

Moderator:

Thank you. The next question is from the line of Ruchi Burde from Bank of Baroda Capital Markets. Please go ahead.

Ruchi Burde:

I wanted to check on operating margin. So, far we had good run in terms of margin improvement. Beyond March quarter how do you see over medium to long term how would operating margin should shape up for NIIT Tech? Would you reinvest growth deals back in the business? Or you see further scope of margin improvement?

Sudhir Singh:

Ruchi, as per our assessment now in the top bracket for mid-Tier-IT firms when it comes to operating margins. As we had said last time, we think that on an annualized basis in the years to come 18% should be the new threshold that we plan to aim for and that we should aim for. So, 18% we think is eminently achievable and it is completely sustainable and beyond that we would continue to look for robust growth and funnel some of the extra profits into driving that growth.

Ruchi Burde:

Also, could you talk a bit more about what is your take or how company is preparing for the onsite visa related issue that you mentioned briefly? Do you expect in near term cost increase led by that or you think NIIT Tech has already made investments?

Sudhir Singh:

We have already seen significant cost in the current year and which we are operating in which the margin has improved as well. This year we incurred close to a million Dollars extra when it came to this overall bucket around visa acquisition. Moving forward we have again provisions to higher cost to ensure that we are fully prepared to staff ourselves for the growth that we see ahead of us. So, that is how on the commercial aspect, from the commercial side we are planning to address the onsite visa issues. From a more structural perspective we have enhanced our localization efforts and we have also started using a nearshore center for North



NIIT Technologies January 18, 2019

America more effectively. As you already know we have a very large, a very significant delivery centre which we operate out of Boise, Idaho and that in turn continues to fuel growth for us for that specific business.

Moderator: Thank you. The next question is from the line of Akshay Goswami from SBI Securities. Please

go ahead.

Akshay Goswami: I have three questions, two book-keeping. Can you provide the breakup for revenue and

margin for all the segments and next is the expected ETR rate for the next financial year? And thirdly, do you have any capital allocation plans, now that you have such high cash balance on

your balance sheet?

Sudhir Singh: I will give you the numbers for the breakup that you are requested. Quarter 3 numbers and

these are all in INR. GIS is INR 468 million, operating margin was 27%, NITL INR 504 million, operating margin 27%, Incessant quarter 3 revenues INR 1,277 million, operating

margin 24.5%. Our CFO will take the next question around ETR.

Sanjay Mal: ETR for the quarter as we said is 29.7% which on a normalized basis is 24.2%. We expect this

to be remaining within the range of 24.5% for sure for the year.

Sudhir Singh: Finally, the capital allocation question?

Sanjay Mal: As I was saying that we continue to have our inorganic strategy as an internal part of our

growth strategy and we would continue to look at investing our surpluses towards that to

improve the business profile.

Akshay Goswami: Free cash flow number for YTD nine months?

Sanjay Mal: Free cash flow for the quarter was Rs 1,301 million.

Akshay Goswami: And for the 9 months?

Sanjay Mal: 9 months is about Rs 2,778 million.

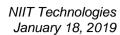
Moderator: Thank you. The next question is from the line of Madhu Babu from Centrum Broking. Please

go ahead.

Madhu Babu: Some of the large-cap peers have sounded caution on the supply side. How do we see that and

how do we see our on-site cost structures? And second, gradually there has been an on-site shift in our effort mix in terms of the headcount reported, so do we see that stabilizing here or

it could work further?





Sudhir Singh:

Yes, Madhu on supply side there are challenges but I think operationally we have been able to tackle those. A prime example of that is the fact that we have been able to add roughly 11% to our headcount over the last 4 quarters itself. So, the growth that we anticipate is growth that from our point of view is growth we will be able to staff. On-site numbers as you would have noticed at 64%-65% are at a level where we expect them to sustain and not rise beyond that at this point in time.

Madhu Babu:

And the exit for this year is growing to be very strong with this momentum. So, next year do you expect the similar kind of growth momentum to continue considering the deal pipeline?

Sudhir Singh:

We expect to continue to have robust growth next year as well in line with the large deal velocity that we see, in line with the pipeline funnel that we see at this point in time.

Moderator:

Thank you. The next question is from the line of Sandeep Shah from CGS CIMB. Please go ahead.

Sandeep Shah:

Sudhir on the margins, I think we are looking for a flattish margin for the fourth quarter. So, which could be again close to 18.5%-18.6% and you are looking for 18%. So, is it like in the coming year you are maybe from our exit rate you are looking for a slight decline? So, is to more to do with investments or is it more to do with the headwinds related to on-site cost relate in management?

Sudhir Singh:

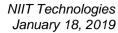
So, we do not expect a decline from 18.6%, we have not indicated that for Q4. What we do believe is that in the years to come starting next year 18% annualized is the margin number that we feel very comfortable delivering. The reason why we have pegged it at 18% is linked to the second option that you laid out Sandeep, which is that we would like to direct anything beyond the 18% threshold into driving robust growth that I talked about earlier.

Sandeep Shah:

And sir also in travel and transportation, even the large players are driving growth significantly; I agree it's on a low base but for them also their base had a smaller vertical contribution and the growth has been higher. So, do you believe because of digital investments the competitive intensity is higher in this segment and how are we positioned here versus the others?

Sudhir Singh:

Our positioning in Travel is strong Sandeep and you know the context. We have been in this industry for more than 2 decades. We work with some of the marquee names when it comes to airlines, airports, hospitality and travel tech and we lead in this industry with a ton of confidence, largely driven off our understanding of this domain which we believe is exceptional. The other thing that we have focused on over the years and we continue to sharpen that focus is on figuring out ways in which digital and emerging technologies can drive transformation for this industry. We believe we have one of the strongest case study pools and credentials when it comes to constructing digital and emerging technology led





transformation for the travel sector. That is how we see the play in Travel. The other interesting thing that we see from a demand point of view in the travel industry is that investments in digital are no longer discretionary for travel players. For most airlines illustratively today, digital investment is an imperative and non-discretionary because key metrics like ancillary revenue generation are directly linked to the digital infrastructure. And hence the digital investments that are directed those spaces. If my voice was a little better, I could elaborate little more but I think I will pause right there.

Sandeep Shah:

Just in terms of the fourth quarter, because there could be a possibility that the seasonal strength of fourth quarter in the GIS may have come in the 3Q or you believe the GIS strength may even continue in the fourth quarter and if not, do you believe the growth momentum which is generally better for us in the fourth quarter may slowdown versus our third quarter?

Sudhir Singh:

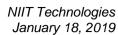
So Sandeep, we think quarter 4 will again see robust growth like quarter 3. You are right, GIS has delivered a very strong performance in Q3. We do not expect that performance to go down but then from such high level we do not expect to go up either. That is how we see the business right now.

Sandeep Shah:

And sir last question, one of your large peers has spoken about potential headwind of IT budget cuts in the buy side of the capital markets considering the decline in AUM and we also do lot of business with wealth managers. So, how do you see, are also you having such kind of interactions with clients? At the same time, can you also throw some light on one of the large deals which you have signed with one of your largest BFS client as well?

Sudhir Singh:

Absolutely, Sandeep. So, the buy side for us is, you and I both know this, the play for us is around assets and wealth management. It is equally importantly for us around securities operations transaction and transaction processing for those securities. It is work that we do in the ultra-high net worth segments. So, there are 4 segments here. The asset management space is going to see the headwind that you talked about but the wealth management industry from a macro perspective is doing well. Transaction processing by definition is not something that is terribly seasonal. The ultra-high net worth space where we have added multiple clients over the past few quarters again continues to do well. So, if I look at BFS as a macro for us and within that macro if I consider the buy side capital markets the sub-segment for the buy side capital markets as an aggregate give us comfort that we are well-placed right now. There is another angle that I want to leave you with. Given the AUM drops, there is going to be a push in certain clients to offshore more for cost containment. We see that as well and one of the large deals in this quarter that we have referenced is a large deal with an asset & wealth management player which was facing the exact same headwind that you are talking about and that has actually translated into a revenue pool creation for us. I am not sure if I answered you fully but that is how we see that space.





Moderator:

Thank you. The next question is from the line of Rahul Jain from Emkay Global. Please go ahead.

Rahul Jain:

Basically, the question is around the kind of an outlook that you have seen now given that you have so many 6-7 straight quarters of order win uptick and then you have commented strong across geographies and verticals. So, does that mean this kind of a growth that we saw in FY19 is something what you would benchmark going into next year as the growth rate that you may chase?

Sudhir Singh:

So Rahul, we do not give revenue guidance but as I have said we expect growth to continue to be robust and that is borne out of multiple factors. The three industries that we operate across, if you look at our internal metrics around pipeline, we feel confident about the future. If you look at our metrics around new logo acquisition that makes us feel even more confident about the future. So, that is one leg that gives us comfort. The second leg that gives us comfort is that over the last 5 or 6 quarters which you referenced we have been making very significant investments in creating new competence pools like Data services, RPA, Cloud and we think that the revenue increase from these pools is still to be fully realized in the years to come. So, that is second thing that gives us comfort around the future. And the third thing, of course which we shared with you in the past is that we continue to make sure that we hire Tier-1 lateral talent and blended with the more tenured leaders. That is an ongoing process and the benefit that we are going to realize from the new leaders who come in, some of who are very well-settled and others who just joined recently and will be settling in, is also something that we hope will start reflecting more aggressively in the years to come.

Rahul Jain:

And if you could, sorry to ask you this but if you could repeat some of those GIS and Incessant number I could not capture that.

Sudhir Singh:

Absolutely. Quarter 3 GIS was INR 468 million revenues, 27% operating margin. NITL revenue Q3 was INR 504 million, operating margin was 27%, Incessant quarter 3 revenue was INR 1,277 million and the operating margin was 24.5%.

Rahul Jain:

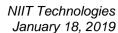
Just a follow up on that. I mean though it is a seasonally weak quarter but given the past track record of Incessant, do you think this number for this quarter is relatively slower than the typical pace of this business or there is not too much to read into this?

Sudhir Singh:

I think given that we are already in quarter 4 and we have the outlook ahead of us, we know that we feel very strongly that Incessant is going to bounce right back in quarter 4 and it will be reflected in the performance that we will report for quarter 4.

Rahul Jain:

And last one from my side, you were talking about leadership additions and inductions. So, you said three additions, one in digital, one in Europe, I missed the third one. And in general





also can you highlight how much of your task on this front is concluded and how much more you think needs to be strengthened further?

Sudhir Singh: The third person who I referenced is an EVP, Vamsi Krishna, who was a Managing Director at

Accenture and has joined us earlier this week to run our global Infrastructure Management Services business. Our leadership addition is always an ongoing process but we think that the material additions have been done and the structure is fully firm. We will continue to look for exceptional talent as and when we find it. So, it is going to be an ongoing process but we do not really see any major lacunae in our leadership post against the current structure that we

have.

Moderator: Thank you. The next question is from the line of Shashi Bhusan from Axis Capital. Please go

ahead.

Shashi Bhusan: The margin guidance that you have given for Q4, is it in CC? Because in that case we may see

upside on the margin by like 40 to 60 bps in the next quarter.

Sudhir Singh: It is on a CC basis, Shashi.

Moderator: Thank you very much. We will take that as the last question. I would now like to hand the

conference back to Mr. Sudhir Singh, CEO, NIIT Technologies for closing comments.

Sudhir Singh: Thank you very much for joining us this evening. We are very pleased with the results and we

are very pleased with the fact that you could make time for us today. We look forward to speaking with you again next quarter and I apologise once again for my voice. Hopefully it is

going to be a lot better next time around. Thank you.

Moderator: Thank you very much. On behalf of NIIT Technologies, that concludes this conference. Thank

you for joining us ladies and gentlemen. You may now disconnect your lines.

Note:

1. This is a transcription and may contain transcription errors. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy. Some editing may have been done for better readability.

2. Any of the statements made above may be construed as opinions only and as of the date. We expressly disclaim any obligation or undertaking to release any update or revision to any of the views contained herein to reflect any changes in our expectations with regard to any change in events, conditions or circumstances on which any of the above opinions might have been based upon.