

Cigniti Technologies Ltd.

Investor Update

Q2 & H1-FY21

Cigniti: Business Overview & Key Metrics

Cigniti is a globally recognized player in Specialized Quality Engineering Services and an emerging leader with Digital offerings

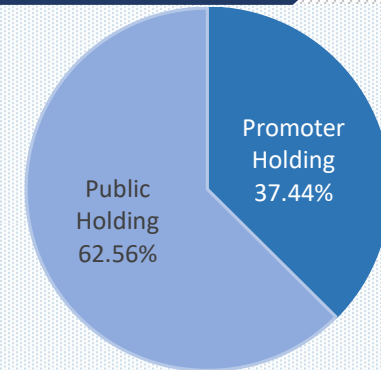
Business Overview

- 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
- 2500+ Employees worldwide, 1900+ testers
- 200+ Active customers including 50+ Fortune 500 Customers
- Differentiator: IP led approach to digital through **BlueSwan** Platform
- **Key Verticals:** BFSI, Travel & Hospitality, HealthCare, ISV, Retail & e-commerce

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. 4 years in a row.
- Positioned in **Gartner's Magic Quadrant** for Application Testing Services, Worldwide for 5 years in a row.
- Recognized as a Leader by **NelsonHall** in NEAT charts for Software Testing.

Share Holding Pattern (September '20)



Customers

A strong client base of 200+ Active Customers



Partners

Deeply interconnected in rich ecosystems



Financial Overview

Business Metrics Q2FY21

Revenues: 221.20 Cr

EBITDA: 44.21 Cr

PBT: 42.54 Cr

PAT: 25.22 Cr

Business Metrics H1-FY21

Revenues: 439.60 Cr

EBITDA: 80.27 Cr

PBT: 78.80 Cr

PAT: 54.32 Cr

Q2 & H1-FY21 Operational Highlights

- ❖ The Company's Consolidated Revenue from operations for the quarter under consideration stood at Rs 221.20 crore as against Rs 214.60 crore in Q2FY20, up by 3%
- ❖ EBIDTA for the September quarter was at Rs 44.21 crore and EBIDTA margin stood at 20.0%.
- ❖ Reported Net Profit for Q2FY21 stood at Rs 25.22 crore as against Net Profit of Rs 29.11 crore in Q1FY21
- ❖ In Q2FY21 Company has made tax provision of Rs 8.95 crore on account of tax assessment for earlier years for US subsidiary Cigniti Technologies Inc.; Net profit before taxes for earlier years stood at 34.17 crores as against Net Profit of Rs 29.11 crore in Q1FY21 up by 17%

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.



200+
Active
Customers



1900+
Career
Testers



50+
Fortune
500 Customers



80+
Global
2000 Customers

Awards & Recognitions



Partners



Hewlett Packard
Enterprise



Cigniti's Core Service Offerings for Large Enterprise Clients

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
- AI testing
- Blockchain Testin
- Robotics Automation
- Mobile Testing
- Customer Experience Testing

Board Members



Led by Dedicated Promoters & Managed by Professional Leadership Team



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

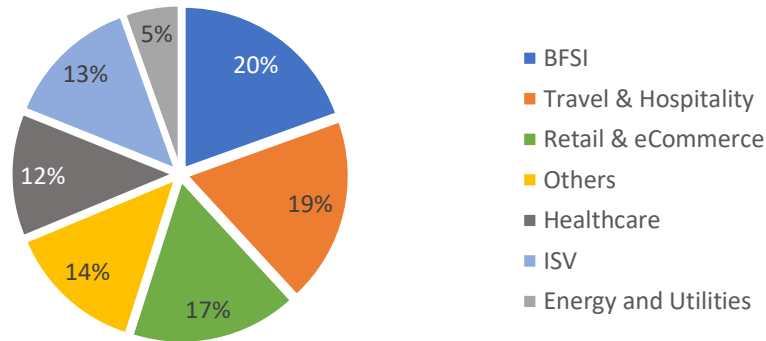


Subhendu Pattnaik, AVP – Marketing & IST

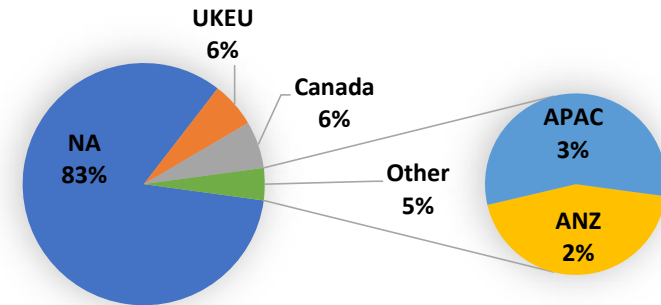
- Subhendu heads Global Marketing & Demand Generation. 15+ years of experience & proven track record in leading 360-degree Marketing
- Previous experience: Infosys, Tata BSS, FINO, Mindfire

Diversified Client base Leading to Better Stability

Revenue by Verticals Q2 FY21

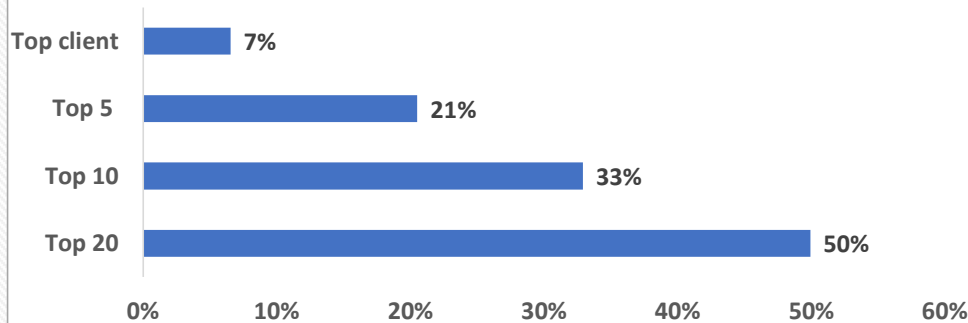


Revenue by Regions Q2 FY21

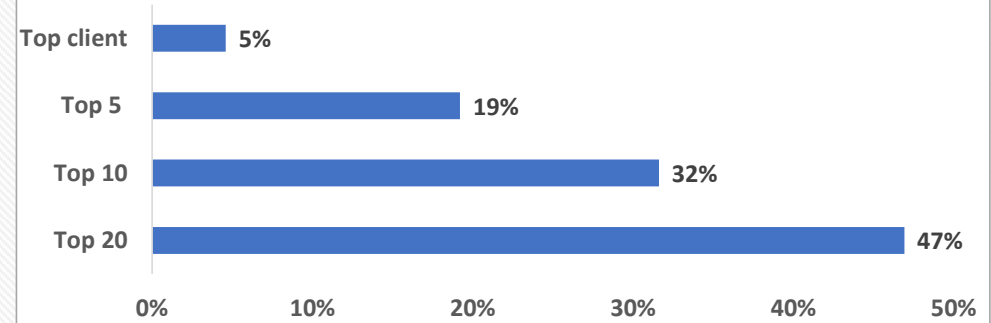


The revenue concentration in top accounts has decreased significantly from FY18 to FY20, implying higher revenue stability in future

% Revenue Concentration Q2 FY21



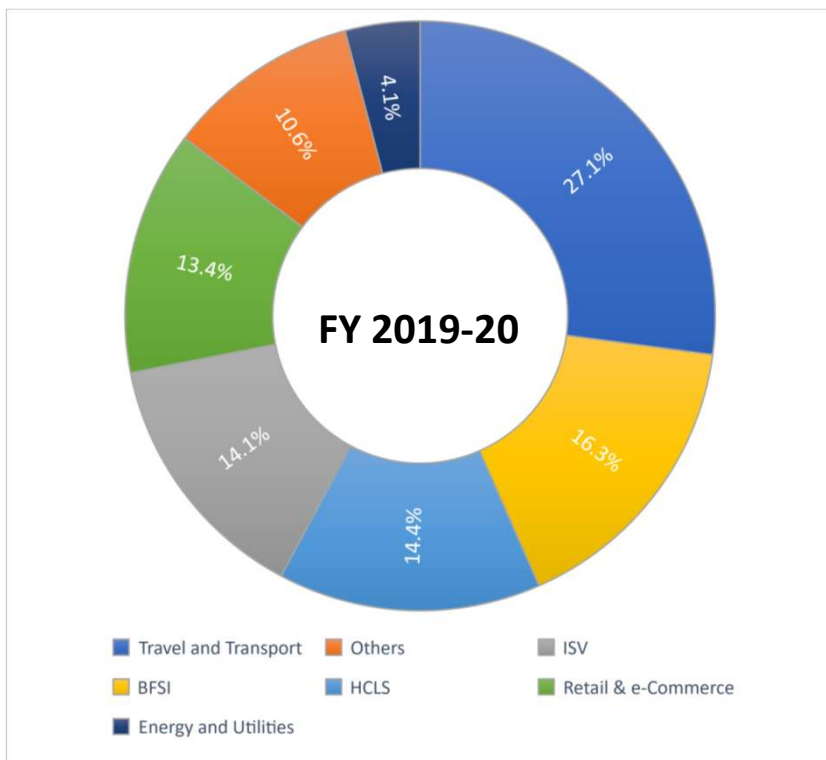
% Revenue Concentration FY2019 - 20



Marquee Clients Across Industry Verticals

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

Diversified revenue profile across industry verticals...



Verticals	Key Clients
BFSI	
Energy & Utilities	
Healthcare & Life Sciences	
Travel & Hospitality	
Media & Technology	
Retail & e-commerce	

Financial Highlights Q2FY21- Consolidated

All values are in INR Million

Particulars	Q2FY21	Q1FY21	Q2FY20	Q-o-Q	Y-o-Y
<u>Income</u>					
Revenue from operations	2,212	2,184	2,146	1%	3%
Revenue from operations (\$M)	30.13	29.25	29.17		
<u>Expenses</u>					
Employee benefit expense	1,232	1,311	1,279	(6%)	(4%)
Other expenses	538	513	498	5%	8%
EBITDA	442	360	369	23%	20%
% EBITDA	20.0%	16.5%	17.2%		
Depreciation & Amortization	30	30	29	0%	6%
EBIT	412	330	340	25%	21%
Other Income(Expense)	8	23	42	(64%)	(80%)
Finance Income	21	25	12	(40%)	80%
Finance Costs	16	16	19	0%	0%
PBT	425	363	374	17%	14%
Tax*	173	72	17	142%	913%
PAT	252	291	357	(13%)	(29%)
EPS (Basic)	9.06	10.45	12.91		

* Includes one-time tax adjustment of Rs 90mn on account of tax assessment for earlier years of US subsidiary Cigniti Technologies Inc.

Financial Highlights H1FY21- Consolidated

All values are in INR Million

Particulars	H1FY21	H1FY20	Y-o-Y
<u>Income</u>			
Revenue from operations	4,396	4,222	4%
Revenue from operations (\$M)	\$59.38	57.34	
<u>Expenses</u>			
Employee benefit expense	2,543	2,545	0%
Other expenses	1,050	991	6%
EBITDA	803	686	17%
% EBITDA	18.3%	16.2%	
Depreciation & Amortization	61	57	6%
EBIT	742	629	18%
Other Income(Expense)	32	73	(57%)
Finance Income	46	19	139%
Finance Costs	32	40	(20%)
PBT	788	681	16%
Tax*	245	39	521%
PAT	543	642	(15%)
EPS (Basic)	19.51	23.21	

* H1FY20 tax expense is low on account of brought forward losses.

Cigniti's Income statement - Consolidated

All values are in INR Million

Particulars	FY18	FY19	FY20	H1-FY21
<u>Income</u>				
Revenue from operations	6,933	8,161	8,720	4,396
Revenue from operations (\$M)	108	117	124	\$59.38
<u>Expenses</u>				
Employee benefit expense	4,701	4,754	5,190	2,543
Other expenses	1,715	2,080	2,243	1,050
EBITDA	517	1,327	1,287	803
% EBITDA	7.5%	16.2%	14.8%	18.3%
Depreciation & Amort	27	31	115	61
EBIT	490	1,296	1,172	742
% EBIT				
Other Income	7	264	158	32
Finance Income	2	8	58	46
Finance costs	170	146	80	32
PBT	329	1,422	1,308	788
% PBT	4.8%	17.4%	15.0%	16.1%
Tax	8	-52	92	245
PAT	322	1,474	1,216	543
% PAT	4.6%	18.1%	13.9%	12.4%
EPS (Basic)	12.1	53.6	43.87	19.51

Cigniti's Balance Sheet H1FY21- Consolidated

All values are in INR Million

Particulars	H1-FY21	H1-FY20	Particulars	H1-FY21	H1-FY20
Property Plant & equipment	165	141	Equity & Liabilities		
Right-to-use asset	258	326	Equity share capital	278	277
Goodwill	549	549	Other equity	2,924	1,819
Capital WIP	-	-	Sub total	3,202	2,096
Other intangible assets	-	-	Non-current liabilities		
<i>Financial assets</i>			<i>Financial liabilities</i>		
Investment	-	-	Lease Obligation	250	323
Loans	51	30	Borrowings	-	-
Other non-financial assets	1	-	Long term provisions	109	75
Deferred tax assets net	30	-	Deferred tax liability	-	-
Other non current assets	-	-			
Sub total	1,054	1,046	Sub total	359	398
Current assets			Current liabilities		
<i>Financial assets</i>			<i>Financial liabilities</i>		
Investment	745	171	Short term borrowings	669	741
Loans	6	20	Trade payables	499	539
Trade receivables	1,400	1,276	Lease Obligation	87	76
Cash and cash equivalent	414	173	Other current financial liabilities	4	17
Other Bank balances	868	-	Short term provisions	33	29
Other current financial assets	591	1,118	Current tax liability, net	221	17
Current tax assets net	14	51	Other current liabilities	146	134
Other current assets	128	190			
Sub total	4,166	3,000	Subtotal	1,659	1,552
Total	5,220	4,046	Total	5,220	4,046

Financial Metrics Q2 FY21

All Figures in INR Mn.	Q2 FY21	Q1 FY21	H1 FY21
Revenue	2,212	2,184	4,396
EBITDA	442	361	803
<i>In %</i>	<i>20%</i>	<i>17%</i>	<i>18%</i>
EBIT	412	330	742
<i>In %</i>	<i>19%</i>	<i>15%</i>	<i>17%</i>
PAT (Reported)	252	291	543
<i>In %</i>	<i>11%</i>	<i>13%</i>	<i>12%</i>

All Figures in INR Mn.	Q2 FY21	Q1 FY21	H1 FY21
PAT (Reported)	25.22	29.11	54.33
<i>In %</i>	<i>11%</i>	<i>13%</i>	<i>12%</i>
Less: UK & Australia Grants	1.35	2.35	3.70
Less: Exchnage Gain (Loss)	0.14	2.23	2.37
Normalised PAT	23.73	24.53	48.26
Add: Taxes for earlier years	8.95	-	8.95
Adjusted PAT	32.67	24.53	57.20
<i>In %</i>	<i>15%</i>	<i>11%</i>	<i>13%</i>
Adjusted EPS	11.73	8.81	20.54
Reported EPS	9.06	10.45	19.51

Cashflow Generation H1 FY21

All Figures in INR Mn.	H1 FY21	H1 FY20	FY20
Profit before tax	788	682	1,308
(+/-) Non-cash & non operating Items	52	69	116
Operating Profit before WC Changes	840	751	1,424
(+/-) DSO Movement (Receivables)	246	(21)	(382)
(+/-) Other charges	(147)	(215)	(141)
Operating CF after WC changes	938	514	901
Less: Taxes	(91)	(40)	(35)
Less: Capex	(15)	(25)	(70)
Free cash flow generated	832	450	796
EBITDA	803	685	1,287
FCF to EBITDA Conversion	104%	66%	62%

Cash Generation

- ❖ Cash and cash equivalents (including fixed deposits) at a healthy levels of 1,282 Mn.
- ❖ Company has invested in Mutual Funds, NCDs and Bonds to the tune of 745 Mn.
- ❖ FCF generated during H1 FY21 is exceeding the FCF generated in the FY 20 mainly driven by efficiency in collections, reduction in G&A and capex optimization despite non recurrence of export incentives

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