

Cigniti Technologies Ltd.

Investor Update

Q3 & 9M FY21

- Cigniti Technologies appoints **Ganesh Ramamoorthy** as **Chief Revenue Officer (CRO)**.
 - Responsible to drive strategy and scale overall revenues of the organization.
- Cigniti positioned as a **‘Niche player’ in Gartner 2020 Magic Quadrant** for Application Testing Services, Worldwide.
 - This is the **6th** consecutive year Cigniti has been positioned in this Magic Quadrant.
- **The Dubai Gold and Commodities Exchange (DGCX)**, has selected Cigniti Technologies Assurance service provider as the Exchange seeks to upgrade its technology platform.
 - It will enable the DGCX Group to ‘acceptance test’ the applications – covering both functional and non-functional testing – and reduce the amount of overall time and effort expended on testing.
- **Toyota Motor Corporation Australia** Selects Cigniti Technologies as a Strategic Quality Engineering Partner.
 - To help accelerate its Quality & Digital transformation journey over the next 3 years.
- **London based BABB** partners with Cigniti Technologies for **software testing** of their **cryptocurrency platform**.
 - Cigniti is working with leading banks across the globe.

Cigniti: Business Overview & Key Metrics

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

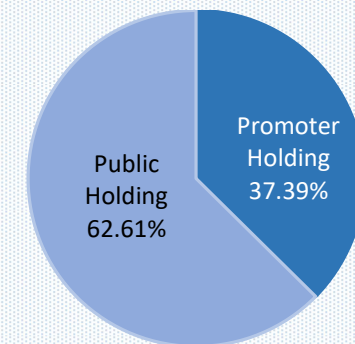
Business Overview

- 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 (December'20)



Customers

A strong client base of 200+ Active Customers



Partners

Deeply interconnected in rich ecosystems



Cigniti: A Global Leader in Specialized Quality Engineering Services

Financial Overview

Business Metrics Q3FY21

Revenues: 223.90 Cr

EBITDA: 31.94 Cr

PBT: 31.97 Cr

PAT: 26.35 Cr

Business Metrics 9MFY21

Revenues: 663.50 Cr

EBITDA: 112.21 Cr

PBT: 110.78 Cr

PAT: 80.68 Cr

Q3 & 9M-FY21 Operational Highlights

- ❖ The Company's Consolidated Revenue from operations for the quarter under consideration stood at Rs 223.90 crore as against Rs 221.20 crore in Q2FY20, up by 1%
- ❖ EBIDTA for the December quarter was at Rs 31.94 crore and EBIDTA margin stood at 14.3%. Reduction is mainly on account of rollback of payroll cut which was in force for the H1'FY 2020-21.
- ❖ Reported Net Profit for Q3FY21 stood at Rs 26.35 crore as against Net Profit of Rs 25.22 crore in Q2FY21
- ❖ 9M'FY21 PAT is after onetime tax adjustment of Rs 8.95 crores on account of tax assessment for earlier years of US subsidiary Cigniti Technologies Inc.; Net profit before taxes for earlier years stood at Rs 110.78 crores.

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
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Awards & Recognitions

Partners

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



CV 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

- 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



Ganesh Ramamoorthy
CRO

- Ganesh is responsible for driving strategy and exponential revenue growth for the organization. He has over 28 years of experience & proven global executive leadership in financial services covering Banking, Capital Markets and Insurance.
- Ganesh worked with HCL, DSL software and Deutsche bank.



Pradeep G
CTO & President (NA West)

- 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 (NA East)

- 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



Nanda Padmaraju
SVP – ROW

- 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



Raghu Krowvidy
EVP – Delivery, Process & ESG

- 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



Ramana Vemuri
VP - Operations

- Ramana heads the Process/HR/ICT/Corporate Service functions at Cigniti. Has 20+ years of experience spanning financial markets, software product development and project management
- Previous experience: AppLabs and Apex Covantage



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



Veera Reddy
VP – Human Resources

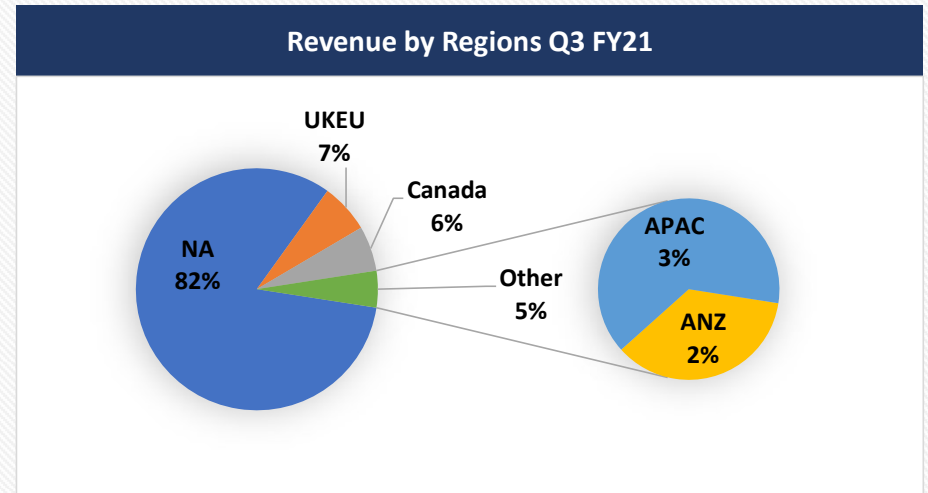
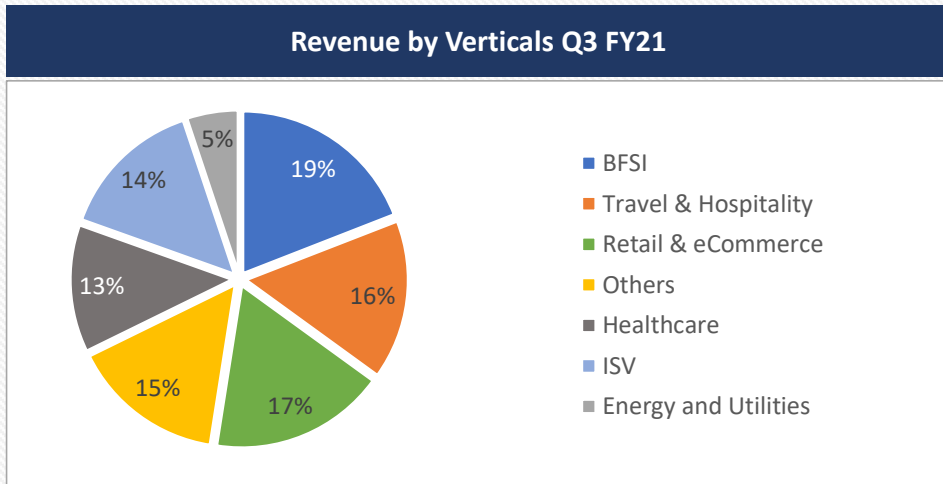
- Veera is responsible for employee life cycle events, talent management, employee relations, performance management, Diversity & inclusion and cultural transformation.
- An Air Force veteran, experienced HR Leader with over 18 years of experience. He also worked with Genpact and Wipro.



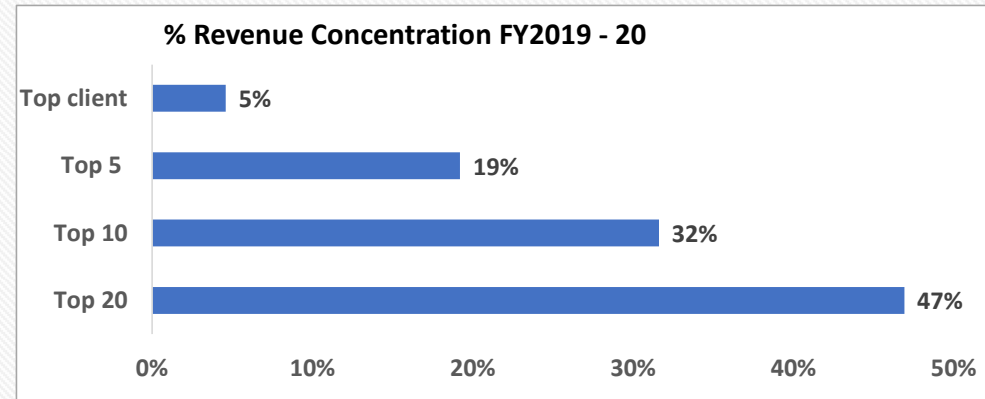
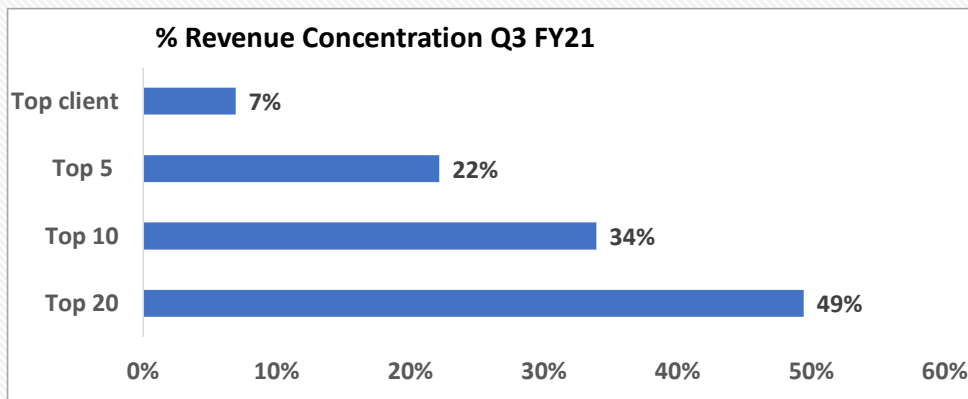
Subhendu Pattnaik
AVP – Marketing & IST

- 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



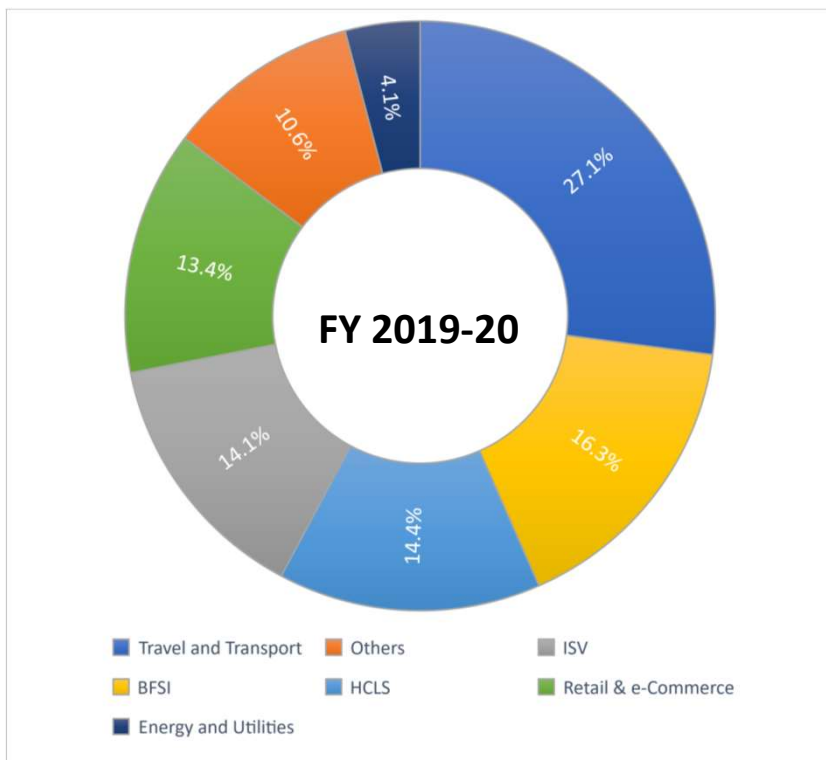
The revenue concentration in top accounts has decreased significantly from FY18 to FY20, implying higher revenue stability in future



Marquee Clients Across Industry Verticals

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

Diversified revenue profile across industry verticals...



Verticals	Key Clients
BFSI	SYNOVUS, Bank of America, Heartland PAYMENT SYSTEMS, Exeter finance corp, DBS, Atom, D&B, ALFA, MAX LIFE INSURANCE
Energy & Utilities	LGE KU PPL companies, Pioneer, WALES & WEST UTILITIES, ONCOR, LENNOX, Tantalus
Healthcare & Life Sciences	AstraZeneca, NAPIER Healthcare, optos, Cipla, DELTA DENTAL, gsk GlaxoSmithKline, Blue Cross BlueShield, NUANCE TRANSCRIPTION SERVICES
Travel & Hospitality	Best Western, SOUTHWEST AIRLINES, IndiGo, Hertz, Purolator, RYANAIR, AirAsia
Media & Technology	BROADCOM, hp, FREEMAN, NCR, tellabs, OMNIGON
Retail & e-commerce	SUBWAY, payu, redBus, C&S Wholesale Grocers, snapdeal

Financial Highlights Q3FY21- Consolidated

All values are in INR Million

Particulars	Q3FY21	Q2FY21	Q3FY20	Q-o-Q	Y-o-Y
<u>Income</u>					
Revenue from operations	2,239	2,212	2,167	1%	3%
Revenue from operations (\$M)	30.49	30.13	30.91		
<u>Expenses</u>					
Employee benefit expense	1,332	1,232	1,289	8%	3%
Other expenses	588	538	592	9%	-1%
EBITDA	319	442	286	-28%	12%
% EBITDA	14.3	20.0%	13.2%		
Depreciation & Amortization	31	30	28	3%	12%
EBIT	288	412	258		12%
Other Income(Expense)	8	8	37	-8%	-79%
Finance Income	36	21	19	49%	86%
Finance Costs	12	16	20	-25%	-39%
PBT	320	425	294	-25%	8%
Tax*	56	173	13	-68%	317%
PAT	264	252	281	4%	-6%
EPS (Basic)	9.45	9.06	10.15		

* Q2-FY21 Includes one-time tax adjustment of Rs 90mn on account of tax assessment for earlier years of US subsidiary Cigniti Technologies Inc.

Financial Highlights 9MFY21- Consolidated

All values are in INR Million

Particulars	9MFY21	9MFY20	Y-o-Y
<u>Income</u>			
Revenue from operations	6,635	6,398	4%
Revenue from operations (\$M)	90	91	
<u>Expenses</u>			
Employee benefit expense	3,875	3,834	1%
Other expenses	1,638	1,584	3%
EBITDA	1,122	971	16%
% EBITDA	16.9%	15.2%	
Depreciation & Amortization	91	85	8%
EBIT	1,031	886	16%
Other Income(Expense)	39	111	-65%
Finance Income	82	39	113%
Finance Costs	44	60	-26%
PBT	1,108	976	13%
Tax*	301	53	469%
PAT	807	923	-13%
% PAT	12.2%	14.5%	
EPS (Basic)	28.96	33.36	

Cigniti's Income statement - Consolidated

All values are in INR Million

Particulars	FY18	FY19	FY20	9MFY21
<u>Income</u>				
Revenue from operations	6,933	8,161	8,720	6,635
Revenue from operations (\$M)	108	117	124	90
<u>Expenses</u>				
Employee benefit expense	4,701	4,754	5,190	3,875
Other expenses	1,715	2,080	2,243	1,638
EBITDA	517	1,327	1,287	1,122
% EBITDA	7.5%	16.2%	14.8%	16.9%
Depreciation & Amort	27	31	115	91
EBIT	490	1,296	1,172	1,031
% EBIT	7.1%	15.9%	13.4%	15.5%
Other Income	7	264	158	39
Finance Income	2	8	58	82
Finance costs	170	146	80	44
PBT	329	1,422	1,308	1,108
% PBT	4.8%	17.4%	15.0%	16.7%
Tax	8	-52	92	301
PAT	322	1,474	1,216	807
% PAT	4.6%	18.1%	13.9%	12.2%
EPS (Basic)	12.1	53.6	43.87	28.96

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

Cashflow Generation 9M FY21

All Figures in INR Mn.	9M FY21	9M FY20	FY20
Profit before tax	1,108	976	1,308
(+/-) Non-cash & non operating Items	65	98	116
Operating Profit before WC Changes	1,173	1,074	1,424
(+/-) DSO Movement (Receivables)	284	(74)	(382)
(+/-) Other charges	99	(186)	(141)
Operating CF after WC changes	1,556	813	901
Less: Taxes	(206)	(18)	(35)
Less: Capex	(22)	(54)	(70)
Free cash flow generated	1,327	741	796
EBITDA	1,122	971	1,287
FCF to EBITDA Conversion	118%	76%	62%

Cash Generation

- ❖ Cash and cash equivalents (including fixed deposits) at a healthy level of 1,327 Mn.
- ❖ Company has invested in Mutual Funds, NCDs and Bonds to the tune of 716 Mn. and 963 Mn in Bank FDs
- ❖ FCF generated during 9M 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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