

NIIT Technologies reports 2.7% sequential growth in Q4 FY15

Signs definitive agreement with Incessant to acquire 51% stake for foray into Digital Integration

New Delhi, May 5th 2015, Tuesday: [NIIT Technologies Limited](#) (NSE: NIITTECH), a leading global IT solutions organization, announced its financial results for the last quarter and audited results for the year ended 31st March 2015.

Q4 Highlights:

- Revenues up 2.7% QoQ
- Operating Profits up 15.6% QoQ
- Operating Margins up 183 bps QoQ at 16.3%
- Net addition of 435 people during the quarter

Consolidated revenues for the quarter grew 2.7% sequentially to ₹611.2 Crores and operating profits improved by 15.6% sequentially to ₹99.7 Crores.

A dispute had arisen between one of the Company's subsidiaries and its client in the APAC region as communicated during the quarter. The dispute was resolved by concluding a settlement agreement which released the Company of its obligations towards execution of the program. The financial impact of this one off event during the quarter is ₹80crore which is reflected as an exceptional expense in the P&L. The Company reported a post-tax loss of ₹17.5 crores as a result of this exceptional expense.

JAN-MAR QUARTER Performance at a Glance			
	Qtr ended Mar 31, 2014 ₹ Cr	Qtr ended Mar 31, 2015 ₹ Cr	Growth YoY
Consolidated Revenues	588.5	611.2	3.9%
Operating Profit	89.0	99.7	12.0%
Exceptional Expense	-	80.0	NA
Profit After Tax	61.9	(17.5)	-128.2%

“Robust growth in the US contributed to strong sequential growth during the quarter”, said **Mr. Arvind Thakur, Chief Executive Officer, NIIT Technologies Ltd.** “Cross currency headwinds in Europe impacted reported revenues. In constant currency, revenues expanded 3.3% sequentially”.

Business in the US grew 3.8% contributing to 44% of overall revenues during the quarter. EMEA contributed to 35% while the revenue share from APAC and India stood at 21%. Growth in the US was a result of expansion of business in the BFSI segment. Overall BFSI contributed to 33% of revenues while [Travel and Transportation](#) contributed to 38% of total revenues. Other segments of focus like [Manufacturing](#) and [Government](#) contributed to 8%, and 6% of the revenue mix respectively.

Sudhir Chaturvedi, COO, NIIT Technologies said, “Growth in the US was a result of business expansion with new clients acquired in the Insurance space. Our UK subsidiary focused on Insurance also expanded its business. Overall revenues in Insurance grew 9.2% sequentially.”

Fresh orders of USD 89Mn were secured during the quarter leading to USD 295Mn worth of orders executable over the next 12 months.

435 people were added during the quarter taking the total headcount to 8,494 at the end of the period under review, and attrition rate being 15.75%.

FY 15 HIGHLIGHTS

- Revenues up 2.9% at ₹2372.5 Crores
- Operating Profits down 1.7% at ₹345.7 Crores
- Net Profits down 50.5% at ₹114.1 Crores
- Board recommends ₹9.50 dividend per share

Consolidated revenues for FY'15 grew by 2.9% to ₹2372.5 Crores.

Reduced focus on domestic government business led to a decline by 38% over previous year in the [Government](#) sector and the Company encountered client specific issues in the US in the first quarter.

“After an initial setback in Q1, the company reported steady improvement in both revenues and operating margins throughout FY'15”, **said Mr. Arvind Thakur, Chief Executive Officer, NIIT Technologies Ltd.**

The Company substantially increased revenues in [Infrastructure Management Services](#) (IMS) which grew by 43%. Among geographies the US expanded the most during the year representing 44% of revenue mix.

The board recommended ₹9.50 per equity share as dividend for FY'15.

STRATEGIC INVESTMENT

The Company announced its foray into Digital Integration by signing a definitive agreement with a global BPM specialist, [Incessant Technologies](#) to acquire a 51% stake.

[Incessant](#) is sharply focused in enabling its clients to automate and integrate back end systems with a digital front end and currently has 300+ Consultants who are certified practitioners. They have strong relationships with 20+ clients, and strong alliance partnerships with leading platform providers like Pegasystems and Appian.

“Incessant provides us with the capability to be a significant player in the Digital Integration space with Digitization and Automation of business processes for seamless customer experience”, **said Sudhir Chaturvedi, COO, NIIT Technologies.**

Incessant is a fast growing Company with FY’14 revenue of USD 13.9Mn, estimated to report revenue of USD 17Mn for FY’15. The entity is expected to be margin and EPS accretive in FY ’16 for NIIT Technologies.

Mr. Rajendra S. Pawar, Chairman, NIIT Technologies Ltd. said, “It has been a tumultuous year as the company addressed changing expectations of the market. With major issues behind us and a well-defined agenda we can look forward to a period of sustained growth and profitability”.

The agenda for FY’16 includes expansion of business in international geographies, continue to scale [IMS](#) revenues, and Go Digital in a significant way.

Acknowledgements during the quarter

1. Mr. Rajendra S Pawar, Chairman, NIIT Group conferred with ‘Lifetime Achievement Award’ by Geospatial Media for leadership role in promoting the Geographic Information Systems (GIS) industry in India.
2. The Company listed in Computerworld's 100 Best Places to Work in IT for 2015.
3. Conferred with the Golden Globe Tigers award in Excellence and leadership in training and development for best results based training.
4. Recognized as Leader by [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.

About NIIT Technologies

NIIT Technologies is a leading global IT solutions organization, servicing customers in Americas, Europe, Middle East, Asia and Australia. It offers services in Application Development and Maintenance, Infrastructure Management Services, IP Asset or Platform Solutions, and Business Process Management to organizations in the Financial Services, Travel and Transportation, Manufacturing/Distribution, and Government sectors. The Company adheres to major global benchmarks and standards, having secured the ISO 9001:2000 certifications and the ISO: 27001 Information Security Management accreditation. NIIT Technologies also follows global standards of development. It has been assessed at Level 5 of SEI CMMi version 1.2. NIIT Technologies Business Process Management conforms to the highest quality standards such as COPC and Six Sigma. Its data centre operations are assessed at the international ISO 20000 IT management standards.

For Immediate Release

Safe Harbor

Certain statements in this release are forward-looking statements. The business involves various risks, and uncertainties that could result in the actual results to differ materially from those indicated here. All forward looking statements made herein are based on information presently available to the management of the Company and the Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.

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