

NIIT
RESULTS CONFERENCE CALL
JULY 28, 2004

Moderator: Good evening ladies and gentleman, I am Parimala the moderator for this Conference. Welcome to the NIIT Conference Call. We will begin with the presentation of NIIT Limited followed by the Q&A session for NIIT limited at SingTel and India. This will be followed by presentation of NIIT Technologies, followed by the Q&A session for NIIT Technologies at SingTel and India. For the duration of the presentation, all participants' lines will be in the listen-only mode. I would like to handover to Mr. Vijay Thadani of NIIT. Thank you and over to Mr. Thadani.

Vijay Thadani: Thank you. Welcome everybody on this conference call for the first quarter's results for NIIT Limited. As you are well aware, effective 1st April, NIIT Limited now focuses only on the Learning Business, and this is the 1st quarter result of just the Learning Business that I will be discussing. Let me first give you an update on the listing. First of all, the record date for allotment of shares for the new company was 16th July, and right now the Stock Exchanges are processing the request for listing. We believe the listing for NIIT Limited should happen by the second week of August and for NIIT Technologies, the listing may be about 3 to 4 weeks thereafter. So that's an update on the Listing. Everything else is on schedule as far as the de-merger and listing arrangements were concerned. Coming to the last quarter, while it is not very long back that we discussed the annual results up to March, but even then I would say I would like to touch upon the business environment which hasn't changed significantly, but there is a little more excitement than before, and I think the first thing I would like to talk about is the India scenario where there is definite improvement one can see in the consumer sentiment as well as the fact that more IT and BPO jobs are becoming available. The Economic Times in its fourth July edition has headlines that 2 million people will be required by 2008, which represents a 40% CAGR in the number of people required. On the other hand, a NASSCOM survey reflected that 56% of corporate hiring in IT sector is through options other than the engineering campuses, which itself can point you to the opportunity that Indian IT and BPO industry offers to NIIT graduates, and that is one of the impacts that we are seeing in this quarter's result as well. On a global scale, IDC projected after may be a couple of years lull that there will be positive growth in IT education and training and they forecasted a 2.7% CAGR for the next few years and 7.5% CAGR in Asia Pacific, which is driven by demand in India and China. The third I think environmental issue which I would like to talk about is the fact that training outsourcing is gaining momentum in the developed world where corporates and institutions are looking at outsourcing the delivery of education, and in the developing world I think it is the outsourcing industry which is the single largest employer of the graduates of the kind that NIIT produces. So that was on the industry front. We did have a Union Budget in India where there are two developments, one, which we are still groping with and that is the fact that there will be service tax applicable on IT education and training; however, its impact is yet to be felt completely because we are seeking a

clarification. On the other hand, education cess is a commitment by the government in a certain sense that the investment in education will improve and we think that will point towards growth in the institution segment of our business. Given these environments and the background, let us talk about highlights of last quarter. I think the best part of the last quarter would be improvements in profitability. Our net profit in the Learning Business has grown 12 folds at Rs.75 million from Rs.6 million same period last year. I would like to point out that this is a net profit from the Learning Business alone. If we add the associate profits of NIIT Technologies' equity that is held in NIIT, and that added on, then the total profit will come to Rs.109 million, which reflects an earning per share of Rs.5.6 on a consolidated basis. This is on system-wide revenue of Rs.1.52 billion, which reflects a growth of 10% year on year. There is an improvement in operating profit at Rs.129 million, which is an improvement of 126 basis points year on year, and 365 basis points sequentially. The revenue growth is contributed by volume. There has been a volume improvement in all three elements of our business and I will talk about the three segments. The realization, which is predominantly better in International as well as in the India side of the business, and productivity, which is what has reflected in bottom line, increases. I will get on to the individual segments to give you a better flavor of what this is all about. In international segment, the growth is driven largely by enhanced corporate and institutional orders. We added three new clients in US, significant amongst them is NASD, the National Association of Security Dealers, the earlier owner of NASDAQ, and a large telecom giant who has chosen NIIT one amongst its three global development partners. The total order intake in international segment was at \$8.6 million. In the India individual segment, we had spurt in growth of Careers registrations, which is the Futurz segment, which is based on launch of what we call the industry endorsed GNIIT curriculum. This is the curriculum which was created over the last nine months period where intense discussions with the industry about the kind of requirements that they have, which led to multiple tracks being designed in a way in which student can decide which track to choose based on the career option that they have in mind, and finally the last semester of the curriculum which is customized to a particular industry's needs, which means that if in a particular geographic location there is a particular industry which requires a particular skill in large quantity then we would align our last semester to reflect that particular company's needs, and that program has worked out extremely well. In fact, we had the first set of graduates which we trained in that, you know, fast track mode, come out last week and we had a convocation for them which was again very well received. In the institutional segment we had a fresh order intake of, I am talking in rupees because it is in rupees, the orders are in rupees, which is Rs.129 million or about \$2.8 million. In terms of the segmental profitability, India Institutional and the International segment contributed to the bulk of profit, the details are available on the site in case you have not been to the site, you can pick up these details or we can talk about it in the question and answer session. In terms of geographies, 77% of international revenues came out of Americas, 18% from Europe, and the balance from Asia-Pacific and other geographies. In terms of the total number of education centers from 3547 centers reported in last quarter, we are now at 3786 centers. 3786 basically reflects the growth in the institutional centers as well as a small growth in the other education centers that we used to have for retail clients, including a couple of centers which are Company operated which have been opened at some strategic locations, which I think is an

indicator of the confidence which the consumer is showing as well as the confidence which the Company has towards its future. The international centers were stable at 280, the same number reported last quarter. At an individual level, the India Individual segment, the Futurz contributed 67%, CATS 19%, and SWIFT 14% of the total business. We also added 132 people during the quarter, which brings the total strength to 1663. Talking a little bit about the balance sheet, we added Rs.29 million of assets during the quarter and our cash balance stands at Rs.829 million. The net cash is Rs.598 million and the return on average capital employed at 17.2% annualized. So that I would say is the overall briefing on NIIT Limited. I would like to request the operator to open it for question and answers.

Moderator: Thank you very much sir. We will now have the Q&A session for NIIT Limited. At this moment I would like to hand over the proceedings to moderator at SingTel to conduct the Q&A for international participants. After this, we will have an Q&A session for India participants. Thank you and over to Kanaga.

Moderator: Thank you Parimala. We will now begin the Q&A session for participants connected to the SingTel bridge. Please press *0 or £0 to ask a question. Please press *0 or £0 to ask a question. At this moment, there are no further questions from participants at SingTel. I would like to hand over the proceedings back to Parimala.

Moderator: Thank you Kanaga. We will now begin the Q&A interactive session for India participants. Participants who wish to ask questions, please press *1 on your telephone keypad. On pressing *1 participants will get a chance to present their questions on a first-in-line basis. To ask a question, please press *1 now. First in line, we have Mr. Dipen Shah from Kotak Securities.

Dipen Shah: Good evening, I had a couple of questions. Firstly, I just wanted to ask, like, this quarter which went by, the April-May-June quarter is one of the better quarters for NIIT, its a better quarter for the training business as such, so I just wanted to understand in terms of the sustainability of the current level of revenues which are 97 crores during the quarter. How do you see the revenues panning out, whether you see the seasonality still there or now it is mostly addressed because of higher levels of international revenues and institutional revenues, and other thing is can you just guide us something, not in terms of actual results, but how do you see the margins moving forward over this year? Thanks very much.

Vijay Thadani: Thank you Dipen. First of all, yes, you are right that because of the product mix that we have now, the seasonality in the business is reduced. However, I must mention that seasonality still remains for a simple reason that 26% of the business which is India based is very highly seasonal, and given the fact that larger focus is building on long-term courses, the enrollment peak during the quarter that went by and the quarter that we are in right now, these two are the high revenue quarters. Of course because of the few initiatives that we took, we had a particularly good quarter in January, February, March as well, and we hope that similar trend can continue in coming years. So answering your question, there will be seasonality, but that seasonality will get

reduced as time goes by as newer products get offered. So going forward, we do see that there will be sequential growth in the coming quarter, which will be followed by a dip in the following quarter and then once again, if the sawtooth curve, if you see our profile, but that intensity of seasonality is reducing. The second question was in relationship to the margins, we believe that the overall margin that we are working, operating margin that we are working towards for the rest of the year despite the fact that we have couple of weak quarters still to come, we believe we will be of the order that we have achieved this time which is about 13%. I hope that answers your question.

Dipen Shah: Yes, it answers most of the questions, which I had, and okay, that is very much from me. Thanks very much.

Vijay Thadani: Thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Parag Gupta from JM Morgan Stanley.

Parag Gupta: Hi, good evening everybody, I just wanted to check up the 365 bps expansion in operating margins, could you give me any specific reasons for the expansion in operating margin.

Vijay Thadani: Yes, I think two reasons; one reason is the fact that there has been a volume growth. As you know that our business has a high operating leverage because of fixed cost structure, so volume growth automatically contributes a part to the operating margin. The second which is more significant in this case is better realization, this time, in India Individual business, our realization has improved substantially because of the product mix as well as the new curriculum and new initiatives that we took on one hand, and on the International, obviously, we would have benefited a little from the dollar rupee parity. So those two would have contributed to better realization. So better volume, better realization, and I guess an overall productivity increase that we have been working towards in reducing the overhead cost structure would have also contributed.

Parag Gupta: Okay, and secondly, what is the reason for the drop in the tax or the deferred credit, any particular reason for that, from Rs.27 million to 3 million?

Vijay Thadani: Okay. I think that is a really purely mathematical number, which is derived at. We can answer more specifically to you by pulling out that calculation for you.

Parag Gupta: Okay great.

Moderator: Hello sir, are you through with the question.

Parag Gupta: Yes.

Moderator: Thank you very much sir. Next in line we have Ms. Sohini Andani from LKP Shares and Securities.

Sohini Andani: Sir, can you give us some idea on how the government business part of our overall business is doing, and in this quarter any significant development that you want to highlight on this side.

Vijay Thadani: Okay, I will ask my colleague Mr. Rajendran to respond to that?

Sohini Andani: Yes sure.

Rajendran: On the government business, which comes under Institutional, as far as last quarter is concerned, we were mostly engaged in completing the execution of the order from Assam government which we started doing a quarter before, that got completed. Last quarter, other than that, there was nothing significant in terms of either order intake or any other new execution from the government business. However, there are a couple of bids for which we have gone in very strongly. The results of which we will come to know, probably by the end of this current quarter or early next quarter, but in the Institutional business, last quarter we saw an increase in the number of private schools coming into the segment.

Sohini Andani: In terms of private schools, how does your business model exactly work, I mean, are you taking a subject in the school, how is the revenue stream there?

Rajendran: It is, in a sense it is similar to the government. In the government schools, our business engagement is with the government, so it is like a business to business except that in the government school, government gives us few hundred schools. In the private school it can either be with one school or with a school management like a society, which are running multiple schools, and we work with them, but in terms of revenue stream, these are typically three, four, or five year revenue streams or contract which are signed. So we work with our business partners in terms of executing these contracts under our supervision.

Sohini Andani: Okay, and in terms of geographies, which geography do you cover these private schools, this is on all India basis or you are covering a particular region?

Rajendran: Since NIIT has reached on all India basis, at first we started doing it on a all India basis, but depending, we have the methodology and the capability to cover on all India basis, but you will normally find that it gets kind of concentrated in some parts, for example in Maharashtra, for example in the Bangalore area and also Delhi.

Sohini Andani: Okay, and sir here also, the capex has to be done by us, in the private school, the same as in the spending on the infrastructure?

Rajendran: No, in the private schools, the infrastructure investment comes from the business partner.

Sohini Andani: Okay, but not from the school itself.

Rajendran: So, we have many options. Let me explain to you.

Sohini Andani: Yes.

Rajendran: At one end of the spectrum, it is business partner who invests, he puts up the center inside the school, and with our course material, our training, etc., he conducts that for the next 3 to 4 or 5 years. Then at other extreme, the school already has the infrastructure, what they need is training of students, training of teachers, the other subject matter teachers, and also provision of the course material and conducting the test, etc. So, there it becomes purely service, but most of our contract so far largely are the type one where there is an investment from the business partner also.

Sohini Andani: Then sir, in terms of the total Institution business, what is the breakup between the government business and the non government business, like in percentage term how much will be government and how much be..?

Rajendran: I don't have it off hand, but I would think it is about 15+ percent, which is non-government.

Sohini Andani: Okay. Sir in terms of your International business, if you can elaborate on the steps we are taking to enhance our presence, like which all countries we are operating right now and what is the progress there and how is the business scenario looking internationally.

Vijay Thadani: Okay, so International first covers two markets, the developed world and the developing world. Our business model is very different in both parts as I have explained before. The developed world is the larger part of the business, which was also known as the Knowledge Solution Business, or part of Knowledge Solution Business, which earlier used to be as a part of the Global Software Business, this business is in US. This is focusing on three opportunities, one on content development and corporate training for corporates in these countries where their customers include WalMart, General Electric, and I had mentioned they just added 2 more customers, which are NASD and the large telecom provider, which we discussed. So that's one part of the business. Second part of their business is their higher end alliances, which by the way is true for both of them as well as the developing world. These higher end alliances are alliances with universities and higher educational institutions, where we operate in "NIIT inside" mode, we call the model the NIIT Inside Model, where NIIT goes, its like the Intel inside the computer, for example the Intel chip inside a computer, so we go and take over a part or whole of the delivery and development and design responsibility in a particular educational system. So that is the second channel, and the third which is now getting developed is outsourcing of the training function by either a technology provider or even by a user organization. Our business mix is predominantly in the developed world more content followed by higher end and followed by training outsourcing which is just

starting. In the developing side of the world, for us the large markets are China, which we have talked in the past about, and China represents about 6% of our global revenue overall. Then followed by Asia Pacific, the rest of Asia Pacific where Malaysia, Vietnam, Thailand, these would be other markets and Philippines and a whole lot of countries there, right up to small places like Fiji. On the other hand Africa where all parts of Africa we are very active on Middle East, and now some of the new geographies which we have launched in CIS and Latin America, where we are just beginning to set up a couple of centers. So that's the overall international market that we address.

Sohini Andani: Right. Okay, thank you sir.

Moderator: Thank you very much mam. Next in line we have Mr. Shekhar Singh from DSP Merrill Lynch.

Shekhar Singh: Hi sir. I just wanted to understand like you made a statement that the margins for the year will be around 13%, so just wanted to understand whether I heard it correctly, whether it will be maintained on these levels. Secondly, if so, what really has changed as compared to the last year?

Vijay Thadani: Yeah. Yes, first you heard it right. We expect the margins to be around 13% and I also explained there are 3 factors which are contributing to the margins. One is the volume growth and we are seeing volume growth, it is the part of our business. Last year our overall margin was about 7% in the last 12 months, which we had shared with you just about 4-5 weeks back. We see the July-August-September quarter, which is normally better than the April-May-June quarter, and then there is a dip in the October-November-December, and once again there is a revival in the January-February-March. So while we will go through a little bit of up and down and therefore the margin will vary but overall we believe that we should be able to achieve the kind of margin that we are talking about. The first contributor to that as I mentioned was volume, the second is better realization, and better realization in India is through the product mix and the programs that we are offering. In International it is also contributed by that but also right now the foreign exchange, the US dollar-Rupee parity rate is helpful to us currently, and lastly, it is based on the productivity of resources that we are deploying which we have been continuously working on as you know even during the down turn, I mean, or during the down turn there was a major focus on reduction in SG&A. So those are issues, which will contribute as the volume increases.

Shekhar Singh: Secondly, I just wanted to understand in case if you were to remove the Knowledge Solutions portion of the business then the margins will be more or less like say 200 basis point or 300 basis points higher as compared to last year for the education, so basically, like, what portion of the total margin increase has happening just because the knowledge management portion of the business has got added to education.

Vijay Thadani: Yeah, so, first of all when I am giving you the fact that it was 7% last year versus 13% this year, I am doing a like-to-like comparison. If you were on the call last time, we were doing a view 2, view 2 was aligning the business post de-merger for

one year so that you are able to compare when we go forward in future. So it is a like-to-like comparison, which means Knowledge Solution was included last year and Knowledge Solution included this year. If you have seen segment analysis, you would see that in the India individual side of the business we are still running with the negative operating profit and that is an area where if improvement takes place, it contributes dramatically to the bottom line. Along with that, the international as well as the Institutional which gives you a sturdy return, that is why, when we refer to Institutional, we are also referring to institutional and corporate training within India.

Shekhar Singh: Okay. If I am right, the International portion of the business has the highest margins.

Vijay Thadani: In absolute terms at this time.

Shekhar Singh: Okay. So is it like, okay, I would just say some, one-time fees which you are getting from some of the guys who are setting up these new centers and all. Is that impacting the margins or is that improving the margins?

Vijay Thadani: There is, I think it is, normally all this is distributed right through the year, and we have not added any international centers as you can see in the last quarter.

Shekhar Singh: Okay. Thanks a lot.

Moderator: Thank you very much sir. Next in line we have Mr. Manoj Singla from JP Morgan.

Manoj Singla: Yeah hello, good evening sir. My first question relates to something we discussed earlier regarding the fixed and variable cost and the operating leverage that you. Can you actually quantify what percentage of your cost in the quarter was fixed and what was variable?

Vijay Thadani: At this point of time 35% of our revenue is variable cost.

Manoj Singla: Okay. The second thing is just understanding a little bit more on the overall competitive intensity of the education space. We saw 2 of your competitors getting merged and we have heard of some other foreign players entering the space, so how is the space that we are seeing right now, how is the competition, and how do we look at it going forward.

Vijay Thadani: Okay. I will comment a little bit on it and I will ask Mr. Pawar to comment a little on it. First of all, I think what we have in front of us is also one of our competitor's results which have been announced last week, and also some of the industry surveys which are out, which actually show that while there has been an overall degrowth in the industry even this year, our market share and our growth has been slightly on a positive side. So our competitive position to that extent in the Indian market would have improved. However, doing a comparison only with the private sector players or the

players which we compete with directly may not be the most appropriate one given the fact that we would like to have larger chunk of the overall pie and therefore of late we are also talking of all the career aspirants and how we are positioned there. Where we are now looking at private universities or universities which are not purely government as another area which we should look at in terms of adding to our competitive space, and we are improving our product offerings to make sure that we are able to compete with all these elements effectively, but let me also pass you on to Mr. Pawar who will give you some more perspective.

Mr. Pawar: As you know, the business now has different segments. For example, the government schools or K12 business has one set of competitors, it is very fiercely competitive, it is driven by the tendering process, it needs set of skill set which have to do with value engineering and so on, so it's a different group of competitors compared to Knowledge Solutions which is in the US market place. So one is that, I would like to say there is different set of dynamics in each of these segments. If your specific reference was to the Individual Learning Business which is a conventional NIIT center type of learning, then as Vijay mentioned, I think in some ways the slow down forced us and got us to look at being competitive, more competitive than we were, and that translated into market share improvement because of whatever investments we made in product development and so on. So in our view actually, we are in a position where the market has been fragile, competition is pretty much distracted, and as we come out with a stronger position, we are trying to become even more competitive, but it is fair to say that as the hiring comes back and the attractiveness of the business improves, we have to anticipate that there will be more investment by competition, and I guess we are factoring all that into our thinking as we go forward, but right now we are positioned strongly and we are trying to take steps to create some more entry barriers going forward.

Manoj Singla: Sure thank you. My next question is actually on the registration side, and we had I think 70,000 registrations in this quarter. Now, if I look at this number year on year, there is a significant decline of around 22%, I think the number was close to 90 last year same quarter. So can you explain that?

Vijay Thadani: Yeah, Mr. Rajendran will explain that.

Rajendran: If you noted this is something, which we dealt with last quarter also. Actually, we have a change in the profile of registrations, within this our thrust over the last 2-3 quarters has been to improve the career registrations because as you know the IT jobs are back, and there is a projection of jobs till 2008, and also a gap between demand and supply. So we have taken a conscious decision to move the carrier courses forward #1. #2 is the CATS, which is high-end part of the CATS training programs. So, what has happened is in the Futurz, Futurz is one semester, 2 semesters up to 3 years GNIIT program. In that we have actually recorded 7% increase in registration compared to last year same quarter. CATS has been stable, it has grown marginally, it has not grown, it is just -2 or -3%. Where we are have really reduced our registrations is in the Swift segment, which is the literacy segment where we are talking about right from 10 hour program to 4-5 weeks programs. This is really the segment where as you know using

kiosk and with more people getting educated in the schools, and literacy programs, etc. etc., there are lot of other mechanisms which are happening for computer literacy at that level. So, the net-net of this is on a total number it has reduced, but in terms of realization and the longer-term courses, it has increased. So in a sense, we have started rebuilding our order book in this business which we had dramatically lost at the down turn time where people had started registering only for the short term programs and also for one single semester. So that's the overall perspective on registrations, and though it is 70,000, we have had a growth in terms of realization.

Manoj Singla: Sure thank you. Just one last question from me, one is, you gave a number for the order book, how long does this order book last, number that you gave.

Vijay Thadani: Well, I think I also said about 46% of that is releasable in the next 12 months, but overall the average, the overall order book will be over I think the next 4 year period.

Manoj Singla: Sure thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Srivatsa from UTI Mutual Funds.

Srivatsa: Yeah good evening sir. Can you just highlight what kind of progress you have made in your BPO training business, I mean, if both on qualitative aspects as well as quantitative aspects, I mean, what it has contributed to the revenue this quarter?

Vijay Thadani: Okay, the BPO industry, the BPO segment of courses that we offer there are 2 elements to that. One element, I will ask Mr. Rajendran to respond to, and one element I will respond to. So, let me start by responding to the part that I thought I would talk about, which is the fact that in the new industry endorsed curriculum, we now have a two and half year stream available on the BPO management track, which is not only to train the agents when they are green horns in a new company, but also to look at a career for them because attrition is a single largest problem in the BPO industry, to build a career for them, so that they can continue with the same industry with same company which requires a partnership with the company, so we would launch a track there. That is one of the new initiative that we have taken. The second, a part of our BPO training, a large part of our BPO training has been directly with the corporates who either sponsor people to come and attend courses with us or we do an in-house training program. The part which is now gaining momentum is the retail segment where people typically come for an automated method by which we could improve their English accent and communication skills on one hand; and secondly, if they are going to a very strong tech-support oriented BPO, then they may even do a semester or two of our normal GNIIT curriculum. So that is from the student side, but from the employer side, the interesting issue is employers are recruiting from all parts of NIIT curricula irrespective of the fact whether they have been trained by the BPO part or the GNIIT or the CATS or the Swift part; and I took a dipstick of the placements that we have done, about 70% of the placements that we are doing are in the IT for IT career and about 30% are to BPO

career. So, that should give you a flavor. But in terms of specific registrations and of the kind that we are working on, may be Rajendran would you just give an idea of..

Rajendran: I think you have answered the question for me because the registrations here are a combination of retail and corporate, so they are not bunching that together at this time.

Srivatsa: Okay. Sir in case of corporates we have tie-ups with some leading BPO companies or I mean how does it work?

Vijay Thadani: Yes, we have tie-ups with all the leading BPO companies. Every leading BPO Company that you can name.

Srivatsa: And, they outsource their entire training requirements to NIIT or is it on a case-to-case basis.

Vijay Thadani: It is sometimes on a particular skill basis for a particular background basis, so they have multiple approaches and multiple strategies for recruitment.

Srivatsa: Okay. Sir, I just had a couple of housekeeping questions, if you could just give me the capex for this quarter and as well as how much is the debtor days, I mean, have you seen an improvement in the debtor days.

Vijay Thadani: Rs.29 million was the capex in this quarter and the debtors are at Rs.1301 million.

Srivatsa: Okay, thanks.

Moderator: Thank you very much sir. Next, we have a followup question from Mr. Dipen Shah of Kotak Securities.

Dipen Shah: Hi, I have a couple of questions. First, I just wanted to clarify one thing. You said about 44% of the order book position is executable in the current year, right?

Vijay Thadani: 46%. Not in the current year, over the next 12 months.

Dipen Shah: Okay, over the next 12 months, okay. And, the other thing is that this growth of 10% in the revenues which we have seen to about 97 crores during the quarter, can it be split up into like how much of growth came from the institutional side and how much from international and how much from the domestic individual side.

Vijay Thadani: I don't have because we have not been able to recast the numbers at segment level, but if you see an overall mix change, then at this time India Individual would have contributed to the most of revenue growth followed by International followed by Institutional.

Dipen Shah: Okay, and the last thing is just wanted to understand this difference like may be I am not up to date, but the system wide revenues were about 152 crores during the quarter and the net revenues are 96 crores. So, if I understand it correctly is this 152 crores the overall revenues which we have got from training and 96 crores is our part which you have booked in our accounts, am I right in understanding that?

Vijay Thadani: Yes, you are very right, except we do that only for the retail side of the business. You are absolutely right. The reason is I will explain you where the system-wide revenue concept came from. Once upon a time, if we had all the centers were owned by us then we would have had Rs.1520 million, but because the ownership of the center changes and because of the way you do the accounting, it is possible that in your books by the accounting policy you only get 968. So, in terms of your market position and what the customer pays to NIIT is concerned that is 1520.

Dipen Shah: Okay, and the break up of revenue which we have within the international, India, individual, etc., would it be based on this 96 crores or 152 crores.

Vijay Thadani: It is based on 152.

Dipen Shah: Okay.

Vijay Thadani: Because that is I think the true market position.

Dipen Shah: Okay, that is the true market position, okay. Thank you very much.

Moderator: Thank you very much sir. Next, we have a question from Mr. Chetan Shah of Quantum Securities.

Chetan Shah: Yeah, sir. Last quarter the tax rate had been quite low, for whole year what is the expectation on effective tax rate?

Vijay Thadani: Can I respond to that question in a few minutes, what will be the effective tax rate going forward, I can handle some other question in the meanwhile as I don't have that number with me.

Chetan Shah: Second was on the current liability front, what will be the sundry creditors for the advances from the students?

Vijay Thadani: On the liabilities front, our advances from customers are about Rs.397 million, and what was your second question sorry?

Chetan Shah: I mean, sundry creditors also earlier...

Vijay Thadani: Sundry creditors were about 1127.

Chetan Shah: 1127, okay.

Vijay Thadani: On March end, sundry creditors were 1361.

Chetan Shah: Yeah, that is it from my side. Thanks.

Vijay Thadani: Okay, I have to respond to you on the effective tax rate...

Chetan Shah: And, another thing basically if I may ask, earlier, historically, it has been a seasonal business, educational front, with June and September quarter being abnormally good, so that pattern will continue in the future also?

Vijay Thadani: Yeah, except that abnormally good portion affects 26% of the business.

Chetan Shah: Sorry, I didn't get.

Vijay Thadani: What I said was, the portion that used to be very seasonal was the India individual business. The institutional business is fairly steady. The individual business is the one which has swings, and in that the July-August-September is a very strong quarter.

Chetan Shah: Okay, and the comparative this year given a breakup differently that is India individual, India institutional, and international, that is the revenue as well as operating expenses for the latest quarter. Is it possible for the year ago quarter?

Vijay Thadani: No, we have for the whole year. No, we have the revenue break up for the whole year, we don't have the profit breakup for the whole year, but going forward you would be seeing that. Okay, just responding to your tax rate and may be we will handle one more question after that.

Chetan Shah: Yeah.

Vijay Thadani: The tax rate is likely to be very marginal because we have carry-forward losses.

Chetan Shah: Okay, thanks.

Vijay Thadani: Thank you. Operator, we will take one more question.

Moderator: Sir, actually, right now nobody is there in the question queue.

Vijay Thadani: Oh! excellent, then what a great timing.

Moderator: Okay fine.

Vijay Thadani: So, we can close this call and start the NIIT Technologies call.

Moderator: Okay sir.

Vijay Thadani: So, if I may just like to thank everybody who has been on this call. As usual, your questions educate us more about the business direction as well as the work that we need to do in future. In this particular call, we have answered all questions, so I don't think there is any carry forward that we have to look at, but we do look forward to receiving any questions or comments that you have on the results. The results are available on www.niit.com, and you can contact us either through e-mail or through phone, and both my colleagues Nidhi Aggarwal and Sanjay Mal are available to handle your questions or pass them on to us as the case may be. So, with that thank you very much.