



NIIT Limited  
Q1-FY12 Earnings Conference Call

**July 22, 2011**

**MODERATORS:**      **MR. RAJENDRA PAWAR – CHAIRMAN**  
                             **MR. VIJAY THADANI – CEO**  
                             **MR. P. RAJENDRAN – COO**  
                             **MR. G. RAGHAVAN – CHIEF EXECUTIVE, CAREER LEARNING SOLUTIONS**  
                             **MR. SAPNESH LALLA – CHIEF EXECUTIVE, CORPORATE LEARNING**  
                             **SOLUTIONS**

**Moderator:** Ladies and gentlemen good day and welcome to the NIIT Limited Q1 FY12 results 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 at the end of today's presentation. If you should need assistance during the conference call, please signal an operator by pressing \* and then 0 on your touchtone phone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Vijay Thadani. Thank you and over to you sir.

**Vijay Thadani:** Thank you. Good afternoon and thank you for joining us on the quarter 1 financial results call. I have with me Mr. Pawar, the Chairman of the company; Mr. Rajendran, Chief Operating Officer; Raghavan, Chief Executive of the Learning Solutions and the career-based Learning Solutions and Sapnesh who is also the Chief Executive of the Corporate Learning Solutions as well as my other colleagues here to answer your questions. What I will do is quickly take you through a brief on the last quarter and then we will open it up for question and answers.

Just to put the last quarter in a perspective as we had discussed not too long ago in the annual results call about 3 months ago and talked about our going forward strategy and we had talked about the fact that having achieved sufficient progress in improving capital efficiency during last year while we will continue on that part and I will report to you on that as we go along where the focus was on making sure that we improved capital efficiency through release of capital employed in non-operating or low performance assets and then the second phase was to re-organize our businesses for improving growth and improving the returns. This quarter to that extent has been creating those platforms of growth and ensuring that we are able to experience growth through those platforms and therefore this quarter is marked by a growth in volume, growth in revenues, but given the delivery readiness and other expenses that we had talked about which would be happening in this quarter. To that extent, the benefit in terms of margins is not yet visible and it is in that context, I talked to you about quarter 1, but like always I will first talk to you about the environment.

The environment was fairly positive in this particular quarter, even though the Indian economical situation creates nervousness in many corporates in our particular sector, Information Technology services and Information Technology in general sector. We saw overall buoyancy. Employers were remaining optimistic about their hiring plans. There was strong hiring by employers. We experienced with ourselves. Our placements grew by 28% on a year-on-year basis. Domestic IT projects and domestic IT firms are also increasing hiring and we are looking forward to take advantage of that for the rest of the year. Our Diploma program which basically gets graduates ready for a job very quickly is the program which did exceptionally well during the quarter that is an indication and confirmation of that fact. Banking industry's hiring still continued and therefore our banking enrollments were also on high and so the placement and to that extent, that was a very positive thing. Skills development and education remain high on agenda. We have been engaged with the number of few development initiatives in various formats and we are looking forward to strengthening that so we see the advantage of that and corporate training or spending is recovering, we saw positive buoyancy in United States, but for us to particularly the issue was the managed training services where we had built- we got into 6 new deals. This quarter was very engaging for us because we were able to size up those deals in terms of their value and that gives now \$110 million given the 3, 4 or 5 years as the case may be and the fact that we were able to speed up the execution of these deals and reach nearly 80% of the targeted run rate and that came from a strong support from the corporate sector both in US as well in Europe because these clients are spread across both those places. So it was in this context that we had the first quarter of the year. The results had been with you, but I will just take you through some of these numbers very quickly.

The net revenues grew by 16%. The EBITDA on the other hand grew only by 7% as we had mentioned earlier. We were hoping or we were actually expecting the EBITDA to be a little less in this given the strong delivery readiness and other issues that were involved in this quarter which I will discuss in a minute. The profit before tax was up by 69%. The profit after tax after taking into account the associate profits were, however, flat and we will discuss those as we go along. Overall the contributors to growth in revenues were creation of 3 platforms of growth as we call them. The first is what we call the Cloud Campus, and many of you would have seen the

announcements in the newspapers as well as television about the Cloud Campus and through the Cloud Campus, the first product that we launched was our GNIIT product which is GNIIT Digital. We have had a very good response, more than 4000 enrolments in about 40-45 days which is as the Cloud Campus has been up, and we have seen a very heartening response. On the other hand to get this ready is a project which went on through the last quarter and will continue in this quarter as well. We have now been able to make sure that Cloud Campus products are available at 50 centers and we would add many more in the coming quarters. The second contributor to this was banking enrollments where the NIIT One World strategy, of making sure that all centers are enabled over a period of time to offer all courses and increased the reach for the banking enrollments and we got the benefit of that and therefore there was an increase in those well. So overall enrollment growth was one contributor to the top-line.

The second contributor to the topline was the implementation, first the assessment of the deals that we had signed up including the last one in the last quarter of the year, which was a fairly large deal and we are now seeing the overall size of these deals to be \$110 million and that would mean a run rate of about \$6.2 million per quarter and in this quarter itself, we were able to ramp up and reach 80% of the targeted run rate and therefore nearly start getting \$5 million per quarter from these deals alone. So that contributed to the growth in Corporate Learning Solutions and the second contributor was the online products, Element K online products library which again had healthy gains and in volume terms grew 22% year-on-year to contribute to the overall revenue increase. Now in this revenue increase of 16%, there is an exchange loss which we had this time as well. The negative impact of exchange which was about Rs. 20 million, otherwise we would have had another 100 basis points or so of growth over last year.

In terms of contributors as I mentioned, individual net revenues were up 16% year-on-year. EBITDA on the other hand was lower than the same period last year and I will explain that when I come to individual levels. School net revenues were at 403 million, up 5% year-on-year. EBITDA was at 49 million, again little lower than last year, but better than last quarter and the third was corporate where net revenues were Rs. 1630

million which was up 18% year-on-year in rupee terms and 20% year-on-year in volume terms. EBITDA was at 145 million which is an improvement of 102 basis points year-on-year to reach the margin of 9%. Contributors to this in Individual Learning Solutions was the enrollments growth. Overall enrolments grew 11%, career IT enrollments grew 16%, and ILS-IT placement grew 28%. School Learning Solutions, overall the non-government schools revenue grew by 24% year-on-year. We added 173 non-government schools. Corporate Learning Solutions, there was a strong volume growth of 21% which resulted in this margin, but the most important part was the focus on executing the large deals that we have got and to reach the 80% of the targeted run rate I think is what contributed to the growth and having reached that, given the fact that these are annuity-based revenues, we will continue to have these benefits for the rest of the year and for next few years depending on the tenure of the deals.

Overall our depreciation was higher at Rs. 227 million compared to Rs. 203 million for the corresponding quarter last year and this is due to the capital expenditure incurred in getting ready for the managed training services as well as getting ready for the Cloud Campus which by the way till last quarter, we used to call the Delivery 9.0 project, that was the code name of the project. Now it has a formal name, it is called the Cloud Campus and that is what we would know it by as we go forward.

In net other income, we had the benefit because of lower interest cost as the collections were good during the year and we could get that benefit. On the tax, we had the benefit of some deferred tax assets to which because of this, the impact of taxation was negative in this particular quarter. Share of profits from associates were slightly less than last year. NIIT Technology's results have been with you for the last 2 or 3 days, so I am not going to go into that details and that is what the impact of all this put together created a PAT of Rs. 131 million. I talked about the overall capital efficiency improvement and that exercise continued. So focus on the releasing cash from nonperforming assets or low performing assets, so a huge focus on government collections. We did meet with success. Our net debt has reduced to 2959 million compared to 3022 million. Our cash flow has improved. Last quarter one of you had suggested that we should start reporting the free cash flow and we have started doing that from this quarter. Free cash flow for this quarter was Rs. 157 million and going

forward, we will be reporting the free cash flow. Just for comparison sake in the whole of last year, the total free cash flows that we got were to the tune of Rs. 331 million. Net cash from operations was Rs. 437 million. The day's sales outstanding, the accounts receivables were also at a much lower level and we added fixed assets to the tune of Rs. 227 million during the quarter.

Going down to one level of detail at individual business, in Individual Learning Solutions while we had a revenue growth of 16% on a year-on-year basis on the back of strong enrollment 11% growth, our EBITDA at absolute level was nearly at the same level. There were three contributors to this. There was an overall contributor of salary increase and I just wanted to remind us this is the first quarter of the year and the salary increase has come into this quarter and therefore the maximum impact we spent in this quarter. That impact gets reduced in overall terms because the growth that comes in the next few quarters. So the maximum impact was because of salary increases, extra hiring was done to look after the delivery readiness for managed training services as well as for the Cloud Campus and both these were facts we had shared with you in the previous quarter call as well as in subsequent meetings. So this was in line with the plan that we were rolling out. As I mentioned, overall enrollments were up by 11%. Just to remind us that in the first quarter of the year, typically we have been having single digit, 6-7 to 8% growth in enrollment for last couple of years now as economy went through its tops curvy every time. So 11% growth in enrollments we see is fairly significant and is a pointer. Very important thing is the GNIIT Digital response with 4000 enrollments we believe is a good formation of the product strategy of Cloud Campus that we are unveiling and have unveiled. Obviously we also have to work with our student community to ensure that we should experience in line with the promise that this technology offers and that is what a large number of people and technology investment and processes has been done over the last quarter and will continue for this quarter as well. We added 6% seat capacity, 8 new centers were added.

The other important thing which we would like to point out is the 28% growth in placements which is strong from- as you know last whole year every quarter; we had nearly 30% plus or thereabout growth in placement. So it was already a high denominator and to have a higher 28% growth in

placements is I think an indicator of the preference that the employers gave to the NIIT graduates when it comes to recruitment. The other thing is the success of the Diploma program. 29% growth in diploma enrollments in this quarter was also an important part of the highlight in Individual Learning Solutions. So overall in Individual Learning Solutions, the delivery readiness for Cloud Campus to get it going with the first set of students was a large investment. Now the investment and the trends required to proliferate it in the next set of cities, nearly 50 other cities in this quarter will be the additional investment in the quarter. The important thing which we noticed is that the Cloud Campus based products will give us better margins since as you know the core set is digital as well as there are other benefits which we will get from economies of sales. So we are looking forward to better margins over once this whole product state is down. Not only better margins because of the product structure, but also because of better capacity utilization that we would get out of each centers since every center will be able to run every product line of NIIT in ideal sense.

Moving on School Learning Solutions, reminding us that through last year, we followed the strategy of de-emphasizing on the GSA BOOT model and wanted to ensure that the part of the business which is very very capital intensive is kept away from and as we have been defocusing from there and we do have contracts running and renewals and repeat orders within that happening. At this point of time, we decided that we would de-emphasize this part of the business and therefore we saw larger growth in the nongovernment schools to the tune of 24%. We did add 173 private schools as a part of our overall offering. One significant thing, the second platform growth for this is what we call the NGuru platform. The NGuru platform is an integrated platform which not only improves the quality of learning experience and it is beyond a smart classroom into an integrated offering with improved learning experience in terms of a student based lab, teacher support system, the interactive classroom, the enterprise resource planning as well as the process improvement areas in a school and that is being rolled out in the new sets of schools that we are now adding. So overall our school business grew by 5%. So in this 5%, there was obviously a degrowth in the GSA BOOT and that is why there was a nongovernment part which grew by 24% on an year-on-year basis and it is in the same context that we have a margin change as well and the margin of 12% while it is lower than same period last year, I must point out it is

better than the sequential quarter that is quarter 4 and the reason for that is as the product mix is changing, we are recovering our margins and the same thing is true with the revenue growth as well.

Moving on to Corporate Learning Solutions, in Corporate Learning Solutions the net revenue was up by 18% as I said. Volume growth was 20%, 21% to be precise. What I want to highlight here is that this business has been accelerating as you can now see for the last 9 quarters. Every quarter it has grown faster than the previous quarter and the second is the two drivers of growth which is online product of Element K which this quarter had a 22% volume growth and the managed training services where I had said \$110 million of deal. Execution of those stabilized during the quarter where we are at 80% of the targeted run rate. Obviously we will be 100% of targeted run rate in the next two quarters and therefore we can see an upswing in revenues as we go forward. Overall IP based revenue was 45% of the total. This quarter also marked the quarter in which we have added a large number of people, the largest actually in the last 5 quarters that is 277. We added 277 people in this quarter taking the headcount to 4434. In terms of overall, as you know the STPI benefit in all our export business has got over during this year; however, as planned we have moved to an SEZ for that part of business which will have a benefit from export and that SEZ facility is also being commenced in this quarter and it is being populated in this quarter and part of the headcount increase would have contributed to that.

So going forward we see three platforms of growth which have got launched, Cloud Campus which will drive the growth of individual learning business. Cloud Campus, we did have one quarter of implementation and as we had shared with you in the last call and I am repeatedly saying that there is an overhang of expenses as we settle down in the Cloud Campus and that is in quarter one had an impact and would perhaps have a small impact in quarter 2 as well, but after that we would make up for this in the rest of the year in terms of margins. Cloud campus and NIIT One World, NIIT One World is an outcome of Cloud Campus when it comes to implementing these across centers would remain to very very important part of our growth strategy going forward. This quarter and last quarter, we had phenomenal growth in diploma enrollments and career enrollments and we want to take advantage of those as we go forward. In schools, our



future direction will be to build an IP based and annuity based revenue and nongovernment schools vis-à-vis the growth platform. We added 50 sales people in the last quarter. We would like to add nearly 100 more in this quarter given the success that we are finding and the traction that we are finding in the market place. In corporate, our aim would be to bank on the e-Learning products and managed training services orders that we have and the growth that they have got while we continue to look for more contracts given the healthy funnel that we have been able to build in this period. So I would like to stop here at this point of time and open it up for question and answers.

**Moderator:** Thank you very much sir. The first question is from the line of Amar Morya from India Nivesh Securities. Please go ahead.

**Amar Morya:** Sir first thing I wanted to know can you give me the breakup of this interest and other income, so what was the net other income, what is exactly included into that. How much was the interest component and how much is the forex loss into this?

**Vijay Thadani:** I will just tell you. So net interest income is minus 81 million, 84 million was interest expenses, 2 million was interest income. It should be 83-2, 81. This was as compared to 98 million expenses in the same period last year. So interest had come down. We had some gains coming out of our treasury mutual fund gains, foreign exchange gain has reported in the other income of 6 million and there were some other miscellaneous. So total other income was 17 million, therefore final impact on other income was (-64) which is (-81) plus 17.

**Amar Morya:** So sir second thing when I was in discussion with you, we are planning to reduce the debt. So did we pay any debt in this quarter?

**Vijay Thadani:** No, we did not take any debt. We in fact reduced the debt during this quarter.

**Amar Morya:** So like how much are we likely to reduce by Q2?

**Vijay Thadani:** We overall expect the debt levels to come down. At this point of time, the debt is 2959 million net debt, but we expect this to come down by at another 70 crores during the year and by the way over the same period

last year, there would be substantial change. So let us look at gross debt first. So if you see our total debt as on March 2011, it was 365 crores, it has come down to 352 crores now. Last year same period, overall debt was 4256. So over the one year period, the debt has come down by nearly 75 crores, if we take a 12 months period. So we are expecting another 70 odd crores reduction during this year.

**Amar Morya:** So how much we will be done by Q2 like half at least, by that portion at least the interest cost should come down?

**Vijay Thadani:** Yes. The interest cost will come down. The debt coming down as you know one of our major sources of debt reduction will be as we gain more success in the government collections which is where our money is stuck and as the money keeps coming out, we keep returning the debt and not invest any more in that. So we will remain in that.

**Amar Morya:** Sir second question is if I see the revenue for the non-GSA schools, per school revenue has declined in this quarter, non-GSA. Why specific like this? Per school revenue in non-GSA segment.

**Vijay Thadani:** Per school revenue in non-GSA segment, I am not able to figure out how you worked out the average, but I would like to tell you that number separately. I do not have that number right away with me. So I can work that out and give it to you separately, but my gut will tell me that the per school revenue being increasing because we are seeing that in order we are noticing that in revenue

**Amar Morya:** Or is it because the addition which has been done in this quarter and probably the revenue has not flown for that particular account?

**Vijay Thadani:** That of course. You would not have seen the revenue for the new orders as yet. Remember most of this revenue comes in form of a subscription. This is over a 5-year period. So even though you may add a school now, you will start seeing only what 1/60<sup>th</sup> of that from next month onwards.

**Amar Morya:** So that could be one reason I believe.

**Vijay Thadani:** Rather than guessing, I would rather give you the correct number and send it across to you or share it with you.

- Amar Morya:** Okay sir, thank you sir.
- Moderator:** Thank you. The next question is from the line of Kaushik Poddar from KB Capital Markets. Please go ahead.
- Kaushik Poddar:** Is it possible to make a general statement that your operating revenue growth will be higher than your operating expense growth in the next few quarters?
- Vijay Thadani:** Absolutely correct statement. As we had mentioned that in this quarter, the operating expenses will be higher than the growth that we would see in operating revenues as we had mentioned in the previous quarter and in each quarter therefore you would see an acceleration in that gap.
- Kaushik Poddar:** So acceleration in operating revenue will be higher than the acceleration in the operating expenses, is it right?
- Vijay Thadani:** That is right. There is also a seasonality to the business to that there is minor adjustment and that is the direction and as we had projected that in this quarter as we implement the Delivery 9.0 and we will get the step increase in salaries and we will get the step increase in rental. So we would see the larger impact in this quarter than any other.
- Kaushik Poddar:** And related question, your operating expense in the Cloud Campus scenario is much lower than in the normal case?
- Vijay Thadani:** In steady state.
- Kaushik Poddar:** And are you planning to roll out Cloud Campus in other geography also?
- Vijay Thadani:** You mean beyond India?
- Kaushik Poddar:** Beyond India or across various education & publishing?
- Vijay Thadani:** So Cloud Campus is the backbone of our growth strategy for Individual Learning Solutions business given that the following things are happening. One we are moving from IT into many other domains. So to make sure that there is an expert available on each domain in each center is impossible and therefore if the Cloud Campus enables us to service every center with the same level of expertise that you would get at any other place. So

answer to your question is yes. Second, it is a superior student learning experience rather than the contracted hours of contact that the student gets today, now he gets a Netbook which is special in a certain way along with the data card and a broadband connection which allows him to access his teachers, person he is consulting, his lab very important. He can do his labs from his home and he can get his book from his home, he does not get any paper books and most important he can access the huge key learning library we have and by the way that can give us in times to come a little bit of upside income as we go along as people add more courses than what they had originally contracted in the classroom. Last, capability in methodological terms, it is a very-very enriched environment because it allows for collaborative learning. People can work in projects on this platform. So overall I think it will give a tremendous positive to both the student experiences, our capacity enhancement, our capacity utilization, and therefore it will be rolled out globally over a period of time, but right now our focus is on India.

**Kaushik Poddar:** And is the content of the course paperless, are you saving on paper?

**Vijay Thadani:** No, the content of this course, the student has a digital book. It means the student does not get issued the course spread. He gets issued instead the computer.

**Kaushik Poddar:** I am just saying whatever expenses you are making, you are incurring in making available the course content in the form of paper books so that you must be saving, is not it?

**Vijay Thadani:** Absolutely that is why I said our margins will be more. May be Raghu you want to amplify what I just said.

**G. Raghavan:** This is the most exciting transformation initiative we have launched in the last quarter. Of course this has taken many months to break in for it. We are very happy to share with you today. Students get a 24x7 learning availability like Vijay said both the courses that you have to read, the lab access is pretty much in his netbook, he can also access labs that we will have as a VLab on the cloud and he can also access resources in the niitstudent.com and he can give a collaborative learning environment with other students as well. So it is a phenomenal learning availability for the

students. It directly results in learning effectiveness of a completely superior order. Secondly, the student is also free from digital location dependence. So that is really a very significant feature for a given student because he does not have to get into a train or a bus and reach the center in order to get the access to education. He can do it right from anywhere and from a company standpoint, it allows us easier launch of new products because whole physical duplication making it available in hundreds of locations, we just get rid of the need for it carrying inventory just out of the domain and we can actually start accessing segments of customers who have either to not been able to avail of this because they have a physical bondage to allocate the timing and the bottom-line is that it will provide us nonlinear growth opportunity that we have been looking for. So it is a very-very significant initiative and one in which we have seen already early success.

**Kaushik Poddar:** After GNIIT, which is the other course you planned to launch on this Cloud Campus platform?

**Vijay Thadani:** Immediately following this, there is something called PGPIT; Post Graduate Program in Information Technology is what we call now. There are a few more products which are in the anvil, but we will be releasing them as we go along plus existing products also we will start converting them onto this platform that is the whole intention.

**Kaushik Poddar:** And you have lot of banking courses and all are you planning to convert them to Cloud Campus?

**Vijay Thadani:** Eventually yes. That is why we have gone about really making a robust Cloud Campus platform enable that eventual will end phase

**Kaushik Poddar:** Thank you.

**Moderator:** Thank you. The next question is from the line of Vishal Agarwal from Citi Group. Please go ahead.

**Vishal Agarwal:** Sir if I look at the 3 segments, this quarter on a YoY basis, margins have declined in two of the segments and they have shown improvement in the CLS business. If you could give some direction in terms of the margin, the

trend, the trajectory over the next 3 quarters all on a YoY basis that will be very helpful.

**Vijay Thadani:**

So why do not I ask Raghu to talk about his segments?

**G. Raghavan:**

In the individual front, we have had basically delivery enablement expenses that we have put-in in the last quarter and this is going to continue to the next quarter as well. In terms of a rough magnitude, I can say about 12 crores is the impact on the operating expenditure, about 40% of that has been incurred in the first quarter, most of the balance will come in the second quarter. To that extent, some of the lower margin that you have seen in the individual segment is a result of that and we can expect a similar impact coming forward in the second quarter as well in terms of the margin impact. Now the purpose why we are doing all this is to render the margins at a slightly higher level going forward in a steady state and we will start picking up margins in the second half of the year and for the whole year, we are looking at a level which is comparable to the last year. So the dip in margins that we saw in the first quarter is likely to see in the second quarter will be picked up and recovered to render the year at a margin level similar to the last year. In terms of volumes, we had indicated about an 18% volume growth for the year. We are looking at a similar trend for the whole year, although I should say that in this current quarter Q2, we do expect some softness because of the delay in the realization of the benefit of the channel restructuring that we have done in some of the international markets and also the scholarship campaigns, the result is scholarship campaign. These two things get slightly delayed and to that extent, the growth in the second quarter will not be as robust as we have seen in the first quarter in the individual segment, but when we look at the whole year, it is postponement of what you would have expected in second quarter and therefore we are continuing to track the kind of numbers that we have spoken earlier.

**Vijay Thadani:**

So therefore Vishal in answer to your question, in overall sense we had earlier projected that we would be in Individual Learning Solutions at about 18% growth. This by the way is a substantial acceleration over last year and despite the Delivery 9.0 or Cloud Campus initial expenses and readiness expenses, we would still be able to maintain the margins for the year which of course tell us that in the following year, then we will not have

these expansions, margins will improve further. So that as far as the Individual Learning Solutions is concerned. Corporate Learning Solutions, I will ask Sapnesh.

**Sapnesh:** As we had indicated, when we had our yearly call last quarter that we had guided for revenues and EBITDA growth of 18% range and margin improvement of 150 to 200 basis points for the year on volume basis and we are tracking to that forecast at this point in time and we believe that we should be able to continue to track to that over the year.

**Vijay Thadani:** As far as schools are concerned, last year we had a depressed year because of the reorganization of business and therefore we are looking for an overall positive upswing. This quarter you would not have seen the benefit of that, though you would have seen it in the nongovernment schools, but going forward, we are looking at revenue growth of about 25% and we are also looking at 100 to 200 basis points improvement in the margin as we go forward. Raju anything more you would like to talk about in schools?

**P. Rajendran:** Just to add that the first two quarters, we are engaged in increasing our capacity to sell which means adding the sales force we talked about in last quarter and our presence in terms of number of cities which has gone up and it was 40 at the beginning of this year and we are now at about 65 cities and by end of this year, we would be in about 90 cities. So first two quarters, we have intake of fresh people, their training and that will start demonstrating results by end of second quarter onwards in the non-GSA segment, nongovernment BOOT segment. As far as the government BOOT segment is concerned like Vijay said, we continue to re-emphasize that and stay with selected cases and also ensuring that execution happens ones that already in hand.

**Vishal Agarwal:** So if you could just give me the CLS margin guidance once again, I missed that point.

**Vijay Thadani:** So CLS margin last year will little improve by 150 to 200 basis points.

**Vishal Agarwal:** Lastly some data points. If you could give the gross debt, gross cash and the debtor in terms of absolute numbers, I missed the gross debt part that you had given earlier.

- Vijay Thadani:** Gross debt at the end of the quarter was 3517, gross debtor was 3625, and cash was 557.
- Vishal Agarwal:** Okay sir, thanks a lot.
- Moderator:** Thank you. The next question is from the line of Avanish Chandra from Equity Master. Please go ahead.
- Avanish Chandra:** Sir since we have merged ILS and new business, so it is difficult to find out how your new business segment is doing, like the performance of IFBI and Imperia. So can you comment on those businesses, how they are fairing?
- Vijay Thadani:** As we had guided last quarter and last year, one of the things which we did in the last quarter of last year was an integration of all these businesses, but I am sure Raghu will be able to share with us some color on how each of those businesses are doing, the Imperia and the IFBI part of businesses.
- G. Raghavan:** Just to give you a little bit of color, in terms of the banking business Vijay I think mentioned about significant growth in the enrollment. The outlook going forward is even better than even what we had in the first quarter for the banking business and as we mentioned in last quarter as well, this business the last quarter may drop and it is continuing to improve in that dimension. As far as the management training business is concerned, we have further renewed the contract our arrangements that bringing courses from IIM Kolkata in fact we have added another program for it. The beauty about these two businesses is that they will start leveraging more and more reach that the rest of the businesses are having in the form of centers and that is what we are doing by the program called NIIT One World where increasingly more and more centers will offer apart from IT management courses as well as banking finance courses as well as BPO courses and as far as BPO training business is concerned, Vijay mentioned it earlier that the B2C, business-to-consumer facing side of the BPO training business is being marketed through the individual learning segment in the centers that we are currently having. Therefore to that extent, all the three businesses will enjoy the marketing and the reach of the large network of centers that we have on those centers and franchise centers. This is by way of a qualitative commentary on the way these businesses are looking at.



**Avanish Chandra:** And in the last con-call, you mentioned about you have some problem in African countries with distribution system. So how are they fairing now?

**G. Raghavan:** We mentioned not that we are having a problem; we are going to restructure the way that we are going to some other markets. I had mentioned facility about Nigeria. That particular initiative is complete and the results of that will start showing when we are going into the large scholarship based enrollments, that is what I mentioned earlier in answer to another question. Scholarship program is going on and going on well. Enrollments and the revenues arising out of that. will start a little later than the last year and that is one of the reasons why we mentioned some of the international revenues will get a little bit push to the next quarter and to answer your question, specifically yes the work that we are undertaking these markets is complete and we are now looking at steady state growth of business in those markets.

**Avanish Chandra:** And sir one last question, can you comment on your business from Evolv?

**Vijay Thadani:** Evolv is a little company which is very focused on soft skills and English language and we had acquired this company few years ago and as a part of that deal, there was a large part of the equity to be acquired which is what we finished acquiring during last quarter.

**Avanish Chandra:** Thank you very much.

**Moderator:** Thank you. We have a followup question from the line of Amar Morya from India Nivesh Securities. Please go ahead.

**Amar Morya:** I just wanted to know in Individual Learning Solutions, this time the margin has declined in terms of the quarter-over-quarter basis. So is it because of the seasonal nature of the business?

**Vijay Thadani:** No it was as we had guided as the end of last quarter that this is the quarter in which we have to implement the Cloud Campus or what was called Delivery 9.0. It is also the quarter in which salary increases are stepped because this is the beginning of the year and the third is also the rental changes also take place. Overall our business is seasonal and therefore if you compare ourselves with the same period last year which is quarter 1 of last year, then the comparison will be appropriate.

**Amar Morya:** So going forward, now since the implementations are done, the margin should see some traction from year onwards?

**Vijay Thadani:** Yes, so very much like in the quarter one last year, our margin was around 11%, but for the year the margin was 18.4%. Similarly this year also as Raghu pointed out that over the year, we expect the margins to be 18% and that is the level at which it will be this year as well. Yes you are right; the margins will improve in this.

**Amar Morya:** Thank you sir.

**Moderator:** Thank you. The next question is from the line of Chetan Vadia from JHP Securities. Please go ahead.

**Chetan Vadia:** My question is on the corporate business. Can you just briefly touch upon the outlook that you provided in the earlier part of the con-call?

**Vijay Thadani:** For the corporate business?

**Chetan Vadia:** Yes sir.

**Vijay Thadani:** So we said that our growth in this business would be around 18% in volume terms and we would have 150 to 200 basis points improvement in our operating margins.

**Chetan Vadia:** Alright sir, thank you.

**Moderator:** Thank you. As there are no further questions at this time, I would like to hand the floor back to Mr. Vijay Thadani. Thank you and over to you sir.

**Vijay Thadani:** Thank you very much for joining us on this call, truly appreciate all your questions and I just want to reiterate the fact that we are very excited about the three platforms of growth that have got launched. The initial responses are good in managed training services and online products. I think the rest of the year is cut out for execution. In case of Cloud Campus, there is an opportunity for expansion of revenue and enrollment and in the NGuru once again there is an opportunity for expansion.

So with this, I wanted to thank you. If there are any followup questions, please do not hesitate to write to Kapil Saurabh from Investor Relations

and we will be very happy to answer you and we invite you all to come and experience the Cloud Campus if you would like to, please do contact Kapil Saurabh. Thank you very much.

**Moderator:**

Thank you sir. Thank you members of the management. On behalf of NIIT Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.